

Date: 19-May-2021

Mr. Asad Mahmood
Chief Executive Officer
Social Investment Managers and Advisors, LLC
157 Columbus Ave, Suite 512
New York, NY 10023, USA

Re: *ESMAP TF* Grant No. TF0B5769
COVID-19 Energy Access Relief Fund Project
Letter Agreement

Dear Mr. Mahmood:

In response to the request for financial assistance made on behalf of Social Investment Managers and Advisors, LLC (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association (“Bank”), acting as administrator of grant funds provided under the Energy Sector Management Assistance Program (ESMAP) Trust Fund, proposes to extend to the Recipient, a grant in an amount not to exceed two million two hundred and twenty-four thousand United States Dollars (USD 2,224,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), 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.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.


Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date this Agreement, and returning one duly executed copy to the Bank.

Very truly yours,

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION**

By Pablo Fajnzylber
Pablo Fajnzylber
Acting Vice President

**AGREED:
SOCIAL INVESTMENT MANAGERS AND ADVISORS, LLC**

By: 
Authorized Representative
Name: Asad Mahmood
Title: CEO & Managing Partner
Date: 21-May-2021

Enclosures:

- (1) "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
- (2) Disbursement and Financial Information Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Section:

- (a) “Annual Work Plan and Budget” means the annual work plan and budget as prepared by the Recipient and approved by the Bank in accordance with the provisions of Article 2.03(d) of the Annex to this Agreement.
- (b) “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.
- (c) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (d) “Concessional Loans” means loans that are made by EARF to Eligible Energy Access Companies under Part 1 of the Project in accordance with the Concessional Loan Agreement.
- (e) “Concessional Loan Agreement” means the agreement to be signed between EARF and each EEAC for the purpose of facilitating a Concessional Loan in accordance with the provisions of Article 2.03(b)(i)(D) of the Annex to this Agreement.
- (f) “EARF Operations Manual” means the manual referred to in Article 2.03(c)(i)(b) of the Annex to this Agreement.
- (g) “EHS Guidelines” means the World Bank Group Environmental, Health and Safety Guidelines published on www.ifc.org/ehsguidelines, as said guidelines are updated from time to time.
- (h) “Eligible Energy Access Companies” or “EEAC” means energy access companies referred to in Article 2.01, Part 1 of the Annex to this Agreement, who are engaged in the manufacturing, distribution and or selling, of off-grid solar and clean cooking products and services, and operation of renewable energy mini grids primarily in rural and peri-urban areas of developing countries.
- (i) “Energy Assess Relief Fund” or “EARF” is a global fund established as a private limited liability company (besloten vennootschap) under the corporate laws of the Netherlands to offer concessional financing to energy access companies in exchange for their commitment to maintain jobs and continue serving their customers, in particular the poor and vulnerable households, as a unified response to COVID-19’s threat to the survival of the nascent energy access industry, and preservation of energy access gains achieved in the past decade.

- (j) “Environmental and Social Action Plan” or “ESAP” means the environmental and social action plan developed by the Recipient in agreement with the Bank to supplement the ESMS and to enable the Project to be carried out in compliance with the Performance Standards, as such plan may be amended and supplemented from time to time with the consent of the Bank.
- (k) “Environmental and Social Management System” or “ESMS” means the integrated environmental, social, health and safety management system, implemented or to be implemented by SIMA, EARF, and EEACs to manage the environmental and social performance of the Project in compliance with the Performance Standards.
- (l) “Fund Manager” means SIMA pursuant to the management agreement to be entered into between SIMA and EARF under which SIMA will manage EARF’s funds.
- (m) “Note Purchasing Agreement” means the agreement referred to in Article 4.01(c) of the Annex to this Agreement.
- (n) “Operating Costs” means incremental recurrent expenditures incurred on account of Project implementation, including contractual support staff salaries; audit costs, but excluding any legal and litigation fee/cost that has reputational risk to the Bank.
- (o) “Performance Standards” or “PSs” means, collectively, the eight World Bank Performance Standards, published at <https://ppfdocuments.azureedge.net/1566.pdf>.
- (p) “Project Implementation Team” or “PIT” means the team within SIMA referred to in Article 2.03(a) of the Annex to this Agreement.
- (q) “Project Operations Manual” means the manual to be prepared and adopted by the Recipient in accordance with the provisions of Article 2.03(c) of the Annex to this Agreement, as the same may be revised from time to time with the prior written consent of the Bank.
- (r) “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.
- (s) “SIMA” means Social Investment Managers and Advisors, a limited liability company incorporated under the laws of Delaware, United States.
- (t) “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 the Appendix.
- (u) “Sub-Grant” means the grant provided by the Recipient to EARF pursuant to the Sub-Grant Agreement.
- (v) “Sub-Grant Agreement” means the agreement referred to in Article 2.03(b) of the Annex to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Grant available to EARF for the purpose of facilitating Concessional Loans to Eligible Energy Access Companies.

- (w) “Training” means the reasonable costs of training under the Project, based on the Annual Work Plan and Budget referred to in Article 2.03(d) of the Annex to this Agreement as approved by the Bank.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to facilitate concessional financing to Eligible Energy Access Companies affected by COVID-19 that ensures their continued operation and service provision to customers. The Project consists of the following parts:

Part 1: Facilitation of Concessional Financing

Facilitation of Concessional Loans to be made by the Energy Assess Relief Fund (EARF) to Eligible Energy Access Companies (EEAC).

Part 2: Operating Costs

Operating costs of the Recipient, including Training, financial audits, staffing costs, and monitoring and evaluation.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall implement the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.***

(a) Project Implementation Team

- (i) The Recipient shall maintain, at all times until the completion of the Project, a project implementation team with a mandate, composition and resources satisfactory to the Bank (“Project Implementation Team” or “PIT”).
- (ii) Without limitation upon the provisions of paragraph (i) of Article 2.03(a) above, the Project Implementation Team shall be comprised of qualified and experienced personnel in adequate numbers, and to this end, *inter alia*, no later than thirty (30) days after the Effective Date, recruit an environmental and social management specialist, all with qualifications and terms of reference acceptable to the Bank.
- (iii) The Project Implementation Team shall be responsible for the day-to-day operations of the Project, including, *inter alia*: (A) project financial management including budgeting and disbursement; (B) carrying out of fiduciary, auditing, environment and social management, and monitoring oversight of the project; and (C) and preparation of reports and Annual Work Plan and Budget.

(b) Sub-Grant Agreement

(i) To facilitate the carrying out of Part 1 of the Project, the Recipient shall make the proceeds of the Grant available to EARF under an agreement (“Sub-Grant Agreement”) between the Recipient and EARF, under terms and conditions approved by the Bank, which shall include the following:

(A) the proceeds of the Grant made available to EARF shall be on grant terms;

(B) the obligation of EARF to maintain a Fund Manager with composition, terms of reference, and resources satisfactory to the Recipient and the Bank which shall be comprised of adequate personnel with qualifications, experience and terms of reference acceptable to the Bank;

(C) the obligation of EARF to carry out Part 1 of the Project in accordance with the provisions set forth in this agreement, the DFIL and the Project Operations Manual;

(D) the obligation of EARF to provide Concessional Loans to Eligible Energy Access Companies under terms and conditions approved by the Bank (“Concessional Loan Agreement”) and detailed in the EARF Operations Manual, which shall include the following:

a. the requirement that the interest rate on each Concessional Loan made available to any EEAC shall not exceed 5%.

b. The requirement that no EEAC shall qualify for a Concessional Loan unless EARF has determined on the basis of due diligence carried out in accordance with guidelines acceptable to the Bank and elaborated in the EARF Operations Manual, that:

i. at least 50 percent of its revenues is derived from energy access activities, defined as provision of off-grid solar products, clean cooking appliances and fuels and mini grid operation;

ii. it has the capacity to implement the environmental and social management requirements consistent with the ESMS;

iii. its annual revenues are between US\$75,000 and US\$50 million and it has been in business for at least 2 years;

iv. it has adequate financial management arrangements, including: (1) an unqualified audit opinion for companies with annual revenues above US\$ 500,000 or (2) an unqualified audit opinion or a credible reference check for companies with an annual revenues below US\$ 500,000; and

v. its total equity to total asset ratio is at least 20%.

- c. the requirement that each EEAC:
 - i. carry out its obligations under the Concessional Loan Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, accounting, reporting, managerial standards and practices and the ESMS, including the preparation and implementation of requisite environmental and social documents;
 - ii. follow the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient or EARF;
 - iii. enable EARF, the Recipient, and the Bank to inspect its operations and any relevant records and documents; and
 - iv. prepare and furnish to the EARF, the Recipient, and the Bank all such information as EARF, the Recipient and the Bank shall reasonably request relating to the foregoing; and;
- (E) the obligation that EARF: (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-Grant; and (2) at the Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank;
- (F) the obligation of EARF to exchange views with the Recipient and the Bank with regard to the progress of Part 1 of the Project;
- (G) the obligation that EARF promptly inform the Recipient and the Bank of any condition which interferes or threatens to interfere with the progress of Part 1 of the Project;
- (H) the obligation of EARF to allow the Recipient and the Bank to inspect its operations and any relevant records and documents; and
- (I) the obligation to 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.
- (ii) The Recipient shall exercise its rights under the Sub-Grant Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Sub-Grant Agreement or any of its provisions.

(c) Project Operations Manual

- (i) The Recipient shall prepare or cause to be prepared, in accordance with terms of reference acceptable to the Bank, a Project operations manual, containing:
 - (a) detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) Project budgeting, disbursement and financial management; (iii) monitoring, evaluation, reporting and communication; (iv) environmental and social management; (b) the EARF Operations Manual; and (c) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
- (ii) The Recipient shall afford the Bank a reasonable opportunity to review and approve such manual, and shall thereafter adopt such manual as shall have been approved by the Bank (“Project Operations Manual”).
- (iii) The Recipient shall carry out the Project in accordance with the Project Operations Manual and shall, not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written consent of the Bank.
- (iv) In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

(d) Annual Work Plan and Budget

- (i) Not later than December 15 in each calendar year (or one month after the Effective Date for the first year of Project implementation), the Recipient shall prepare or cause to be prepared, for the purpose of forwarding to the Bank, a draft annual work plan and budget for the Project (including Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Bank shall have reasonably requested.
- (ii) The Recipient shall afford the Bank a reasonable opportunity to review such draft annual work plan and budget, and thereafter, shall carry out (or cause to be carried out) such annual work plan and budget during such subsequent calendar year as shall have been approved by the Bank (“Annual Work Plan and Budget”). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.
- (iii) Any training proposed to be included in an Annual Work Plan and Budget, shall include, *inter alia*: (a) particulars of the training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training and any travels associated with such training.

- (iv) The Annual Work Plan and Budget may be revised as needed during Project implementation subject to the Bank's prior written approval.
- (e) No later than December 31, 2021, the Recipient shall recruit external auditors with terms of reference, qualifications and experience satisfactory to the Bank.

2.04. ***Performance Standards.***

- (a) The Recipient shall and shall cause EARF to ensure, *inter alia*, through the inclusion of appropriate provisions in the Sub-Grant Agreement, that the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards in accordance with the Performance Standards and the EHS Guidelines, in a manner acceptable to the Bank.
- (b) Without limitation upon paragraph (a) above, the Recipient shall, and shall cause EARF to ensure that the Project is implemented in accordance with the Environmental and Social Management System ("ESMS") and the Environmental and Social Action Plan ("ESAP"), in a manner acceptable to the Bank. To this end, the Recipient shall and shall cause EARF to ensure that:
 - (i) the measures and actions specified in the ESMS and/or ESAP are implemented with due diligence and efficiency, and as further specified in the ESMS and/or ESAP;
 - (ii) sufficient funds are available to cover the costs of implementing the ESMS and the ESAP;
 - (iii) policies, procedures and qualified staff are maintained to enable it to implement the ESMS and the ESAP, as further specified in the ESMS and the ESAP; and
 - (iv) the ESMS or ESAP, or any provision thereof, is not amended, revised or waived, except as the Bank shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESMS and/or ESAP, as applicable.

In case of any inconsistencies between the ESMS and/or ESAP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- (c) The Recipient shall and shall cause EARF to:
 - (i) take all measures necessary on its part to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESMS and/or ESAP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESMS and/or ESAP, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (A) the status of implementation of the ESMS and/or ESAP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESMS and/or ESAP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and

- (ii) promptly notify the Bank of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESMS and/or ESAP, the instruments referenced therein and the Performance Standards.
- (d) The Recipient shall and shall cause EARF to maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

2.05. Documents; Records.

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.

2.06. Project Monitoring, Reporting and Evaluation. The Recipient shall ensure that each Project Report is furnished to the Bank not later than sixty (60) days after each calendar semester, covering the calendar semester.

**Article III
Withdrawal of Grant Proceeds**

3.01. Eligible Expenditures. 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:

<u>Category</u>	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Sub-Grant to EARF for Part 1 of the Project	1,960,000	100% of the Sub-Grant disbursed.
(2) Operating Costs and Training under the Project	264,000	100%
TOTAL AMOUNT	2,224,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date is June 30, 2023.

**Article IV
Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the conditions specified below have been satisfied.

- (a) If the Bank so requests, the condition of the Recipient as represented or warranted to the Bank at the date of this Agreement, has undergone no material adverse change after such date.
- (b) The Recipient has submitted to the Bank externally audited 2019 and 2020 Financial Statements in form and substance satisfactory to the Bank.
- (c) The note purchasing agreement between EARF and its senior investors, providing a loan to EARF in support of Part 1 of the Project (“Note Purchasing Agreement”), has been executed and delivered and all conditions precedent to its effectiveness or to the right of EARF to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- (d) The Sub-Grant Agreement has been executed on behalf of the Recipient and EARF in accordance with Article 2.03 (b) of this Annex.
- (e) The Recipient has adopted the Project Operations Manual in accordance with Article 2.03(c) of the Annex to this Agreement.

4.02. By signing the Grant Agreement, the Recipient shall be deemed to represent and warrant that on the Signature Date, the Grant Agreement has been duly authorized by, and executed and delivered on behalf of, the Recipient and is legally binding upon the Recipient in accordance with its terms, except where additional action is required to make such Grant Agreement legally binding. Where additional action is required following the Signature Date, the Recipient shall notify the

Bank when such additional action has been taken. By providing such notification, the Recipient shall be deemed to represent and warrant that on the date of such notification the Grant Agreement is legally binding upon the Recipient in accordance with its terms.

4.03. 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 4.01 (“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 dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 (ninety) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article V **Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its chief executive officer.

5.02. **Recipient’s Address.** For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient’s Address is:

Social Investment Managers and Advisors LLC
157 Columbus Avenue
Suite 512
New York, NY 10023
USA

; and

(b) the Recipient’s Electronic Address is:

E-mail: asad@simafunds.com

5.03. **Bank’s Address.** For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank’s address is:

International Bank for Reconstruction and Development
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

E-mail:

248423 (MCI) or
64145 (MCI)]

1-202-477-6391

drysankova@worldbank.org

APPENDIX

Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Section 2.11, *Procurement* is deleted in its entirety and the remaining Section 2.12, *Anti-Corruption* in Article II is renumbered accordingly.
2. Paragraphs 19 (Procurement Plan) and 20 (Procurement Regulations) in the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.