ESME GRANT NUMBER TF013099

Russian Trust Fund for Energy Small and Medium Size Enterprise Support in Sub-Saharan Africa Grant Agreement

(Renewable Energy Rural Electrification Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Russian Trust Fund for Energy Small and Medium Size Enterprise Support in Sub-Saharan Africa

and

BPC LESEDI (PTY) LTD

Dated January 17, 2013
ESME GRANT NUMBER TF013099

RUSSIAN TRUST FUND FOR ENERGY SMALL AND MEDIUM SIZE ENTERPRISE SUPPORT IN SUB-SAHARAN AFRICA GRANT AGREEMENT

AGREEMENT dated January 17, 2013, entered into between:

INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Russian Trust Fund for Energy Small and Medium Size Enterprise Support in Sub-Saharan Africa ("ESME"); and

BPC LESEDI (PTY) LTD ("BPC Lesedi" or "Recipient")

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions constitute an integral 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 this Agreement, including the Appendix thereto.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient for the benefit of the Republic of Botswana ("Member Country"), on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to one million two
hundred thousand United States Dollars (U.S.$1,200,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor 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
Recipient’s Representative; Addresses

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its chairman of the board.

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

BPC Lesedi Head Office
Plot 111 Unit 14 SAMDEF House
Gaborone International Finance Park
P Bag B013 Gaborone
Republic of Botswana

4.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at **Pretoria, SA**, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Russian Trust Fund for Energy Small and Medium Size Enterprise Support in Sub-Saharan Africa

By

[Signature]
Authorized Representative

Name: **Asad Alam**
Title: **Country Director**

BPC LESEDI (PTY) LTD

By

[Signature]
Authorized Representative

Name: **Alban Molapo**
Title: **Chairman**
SCHEDULE 1
Project Description

The objectives of the Project are to support the Recipient’s renewable energy rural electrification program by increasing access to electricity in rural areas from renewable resources in the Serowe region, and to provide technical assistance to the Recipient and Serowe Franchisees.

The Project consists of the following parts:

1. Acquisition of about 750 Solar Home Systems;

2. Setting up of a regional office in the Serowe region ("Serowe Regional Office"), including provision of office equipment, information technology and vehicles required for the purpose;

3. Setting up of five Franchise Energy Stores in the Serowe region, including provision of office equipment, information technology and vehicles required for the purpose; and

4. Provision of Operating Costs and Training of Serowe Franchisees, including provision of advisory services to the Recipient to review and further develop its business strategy.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

B. Safeguards

The Recipient shall ensure that the Project complies with the relevant World Bank’s environmental and social safeguards, as applicable, in the entire duration of the Project. Except as the World Bank shall otherwise agree in writing, the Recipient shall not assign or waive any responsibility required under the relevant environmental and social safeguards if such assignment or waiver may, in the opinion of the World Bank, materially or adversely affect the implementation of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of
each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one Fiscal Year. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting-services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the Procurement Guidelines in the case of goods, works and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and
   
   (b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. National Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding. National Competitive Bidding shall follow the Member Country’s procurement procedures, provided that the following additional procedures shall apply for the use of the Member Country’s competitive bidding documents: (a) foreign bidders shall be allowed to participate in National Competitive Bidding; (b) registration and/or classification of bidders shall not be used as a condition for bidding; (c) use of a preference system based on citizen degree of ownership shall not be used; (d) use of point system and bracketing in the evaluation of bids for goods
and works shall not be used; (e) negotiations shall not be held with the successful bidder for procurement of goods and works; (f) publication of invitation to bid shall be made in a national newspaper of wide circulation; (g) bidding documents shall clearly specify bid evaluation and post qualification criteria; (h) bidding period shall not be less than four (4) weeks and bids shall be opened publicly; (i) contract awards shall be published; and (j) contracts with contractors shall include a provision that contractors shall permit the World Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the World Bank pursuant to paragraph 1.16 (e) of the Procurement Guidelines.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) namely Shopping; (b) Direct Contracting; and (c) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank.

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (b) Selection based on Consultants’ Qualifications; (c) Selection of Individual Consultants; (d) Single-source procedures for the Selection of Individual Consultants; and consulting firms.

D. **Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. **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; (b) this Section; and (c)
such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and works</td>
<td>796,000</td>
<td>100 %</td>
</tr>
<tr>
<td>(2) Operating Costs, Training and consultants’ services</td>
<td>404,000</td>
<td>100 %</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,200,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2014.
APPENDIX

Definitions


3. Fiscal Year means the Recipient’s fiscal year, which commences on April 1 of each year and closes on March 31 of the next calendar year.


5. “Operating Costs” means the incremental operating costs under the Project incurred by the Recipient on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of Project staff, excluding salaries of members of the Recipient’s civil service.


7. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 7, 2012, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

8. “Serowe Franchisees” means the owners of a business established and operating in Serowe that have entered into a continuing fee for service contractual relationship with the Recipient for using the Recipient’s Solar Home Systems.

9. “Serowe Regional Office” means the office referred to in Part 2 of the Project.


12. "Training" means the reasonable expenditures associated with training activities, workshops and study tours under the Project, consisting of travel for and subsistence costs of training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training, workshop or study tour preparation and implementation.