infoDev CITF GRANT NUMBER TF011840

infoDev Climate Innovation Trust Fund
Grant Agreement

Establishing a Climate Innovation Center in Kenya

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as Administrator of the infoDev Climate Innovation Trust Fund

and

STRATHMORE UNIVERSITY,
PRICEWATERHOUSECOOPERS LIMITED,
GVEP INTERNATIONAL, and
KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE

Dated May 15, 2012
AGREEMENT dated May 15, 2012, entered into between:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as administrator of the infoDev Climate Innovation Trust Fund ("CITF"); and

STRATHMORE UNIVERSITY, PRICEWATERHOUSECOOPERS LIMITED, GVEP INTERNATIONAL, and KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (hereafter each referred to as "Recipient" and collectively referred to as "Recipients").

The Recipients and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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 hereto.

Article II
The Project

2.01. The Recipients declare their commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipients shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and the Annual Work Plan.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipients and the World Bank shall otherwise agree, the Recipients 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 Recipients, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million and five hundred thousand United States Dollars ($4,500,000) ("Grant") to assist in financing the Project.

3.02. The Recipients may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement. The Recipients may authorize a representative from among themselves for purposes of taking any action required or permitted to be taken pursuant to this Section. The authorized representative must provide the name of the individual who is duly authorized by such representative to do all that is necessary for purposes of the grant agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors 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 donors under the abovementioned trust fund, and the Recipients’ right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that any donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipients shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipients or to any third parties in respect of any expenditures or liabilities incurred by the Recipients or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the donors for the purposes of the Grant.

Article IV
Recipients’ Representative; Addresses

4.01. The Recipients’ Representative referred to in Section 7.02 of the Standard Conditions is PricewaterhouseCoopers Limited. Any notice given to the Recipients’ Representative shall be deemed notice to all Recipients.

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

PricewaterhouseCoopers Limited
The Rahimtulla Tower, Upper Hill Road
P O Box 43963 – 00100 Nairobi, Kenya
Telephone: +254 (20)285 5000
4.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391

AGREED at Nairobi, Kenya, as of the day and year first above written.

STRATHMORE UNIVERSITY

By Authorized Representative

PRICewaterHOUSECOOpERS LIMITED

By Authorized Representative

GVEp INTERNATIONAL

By Authorized Representative

KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE

By Authorized Representative
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as Administrator of the infoDev Climate Innovation
Trust Fund

By  

Authorized Representative

Josef Trommer
Acting infoDev Manager
SCHEDULE 1

Project Description

The objective of the Project is to support Kenyan SMEs to develop innovative solutions to address local climate change challenges.

The Project consists of the following parts:

1) Establishment of the Kenya Climate Innovation Center ("Kenya CIC") as an independent entity with the functional capability to deliver on its mission and objectives beyond the end of this Grant agreement.
2) Strengthening of the enabling environment in Kenya for Climate Business.
3) Provision of advisory and mentoring services, information and resources to Kenyan companies, in particular SMEs developing innovative approaches to address local climate change challenges.
4) Provision of Proof-of-Concept Grants for carrying out early stage business concepts to eligible Kenyan companies.
5) Institutional and capacity building of the Kenya CIC for carrying out the Project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Each of the Recipients represent and warrant that they are duly registered in accordance with the laws of Kenya; that they are duly organized and authorized to conduct business pursuant to the Consortium Agreement; that they each have authority to sign this Agreement; that they have full capacity to be bound by the obligations contained herein; and to carry out, jointly and severally, the Project in accordance with Article II, Section 2.01 of this Agreement.

2. The Recipients shall be vested with the overall responsibility for management and oversight of the Project implementation; and shall carry out the Project through its Project Implementation Team in accordance with the World Bank’s guidelines and procedures; and to that end shall:

(a) Establish by no later than three months after the date of countersignature of this Agreement by the Recipients, and maintain throughout the period of implementation of the Project, the Kenya CIC in accordance with the Kenya CIC Business Plan and the Establishing a Climate Innovation Center: Sustaining Green Entrepreneurship proposal dated January 13, 2012 and to the satisfaction of the World Bank. If any activity in the Kenya CIC Business Plan and the Establishing a Climate Innovation Center: Sustaining Green Entrepreneurship proposal is inconsistent with an activity in the Annual Work Plan, the Project Implementation Team will make reference to the activity in the agreed Annual Work Plan.

(b) Cause:

(i) The Kenya Institute for Public Policy Research and Analysis (KIPPRA) to inter alia conduct public policy research and analysis for the Project,
(ii) Adelphi to inter alia provide small business financing advisory services for the Project,
(iii) LTS International to inter alia monitor and evaluate the Project,
(iv) Oxford Energy Associates to inter alia conduct energy and climate change policy analysis for the Project,
(v) UNIDO to inter alia provide business environment advisory services for the Project,
(vi) Technoserve to inter alia provide agricultural technology and business advisory services for the Project, and
(vii) Netwas to inter alia provide water technology and business advisory services for the Project;
to the satisfaction of the World Bank, in accordance with the Annual Work Plan.

(c) Establish, by no later than three months after the date of countersignature of this Agreement and maintain throughout the period of implementation of the Project, a free and publicly accessible website, in a manner and substance satisfactory to the Work Bank, comprising complete information on the service offerings of the Kenya CIC.

(d) Appoint in about three months after the date of countersignature of this Agreement and maintain throughout the period of implementation of the Project a CEO, under terms of reference satisfactory to the World Bank, who shall be assisted by competent personnel, recruited in due course under terms of reference acceptable to the World Bank in sufficient numbers, including inter-alia CIC Program Manager(s), Procurement Specialist(s), Financial Management Specialist(s), and Monitoring and Evaluation Specialist(s) and they shall be vested with such functions, powers, financial resources and competences, satisfactory to the World Bank, as shall be required to achieve the CIC’s purposes and mandate.

3. The Recipients shall appoint, by no later than three months after the effectiveness of this Agreement, and thereafter retain throughout the period of implementation of the Project, an experienced and qualified internal auditor, acceptable to the World Bank, under terms of reference satisfactory to the World Bank, to carry out the internal audits of the Project account;

4. The Recipients shall

(a) by no later than March 31 of each year, commencing on March 31, 2013, prepare and furnish to the World Bank, a detailed Annual Work Plan, in form and substance satisfactory to the World Bank, setting out a time-bound program of Project activities by component and sub-component for the following Fiscal Year, including:

   (i) a forecast of the funds required for their implementation, and the respective financing sources;
   (ii) an update of the Project’s disbursement profile; and
   (iii) the Project indicators to be achieved during the Fiscal Year covered by each said plan; and
(b) thereafter carry out the Project activities for the corresponding Fiscal Year as so provided in the Annual Work Plan as so discussed with, and agreed by the World Bank.

(c) notwithstanding the forgoing, for fiscal year 2012/2013 the Recipients undertake to carry out Project activities as provided in the Annual Work Plan dated March 23, 2012.

B. Proof of Concept Grants

1. No Proof of Concept Grant shall be eligible for financing out of the proceeds of the Grant unless the corresponding proposals for the Proof of Concept Grants have been prepared and submitted, and the review of proposals and award of the Proof of Concept Grant have been undertaken by the Recipients, in accordance with the guidelines, procedures and selection criteria set forth in the Proof of Concept Procedural Manual.

2. The amount of each Proof of Concept Grant shall be determined in accordance with provisions of the Proof of Concept Procedural Manual.

3. No Proof of Concept Grant shall be made to finance expenditures pertaining to or involving: (a) a military or paramilitary purpose; (b) civil works for government administration or religious purposes; (c) the manufacture or use of environmentally hazardous goods (including asbestos, pesticides and herbicides), arms or drugs; (d) the manufacture or use of dynamite; (e) the production, processing, handling, storage or sale of tobacco or products containing tobacco; (f) activities within a nature reserve or any other area designated by the Kenyan Government for the management and/or the protection of biodiversity, except with the prior written approval of the Kenya’s agency responsible for the management and/or protection of such area; (g) land reclamation covering an area in excess of fifty (50) hectares; (h) alterations to river courses; (i) new irrigation facilities covering an area in excess of fifty (50) hectares; (j) the construction of water retaining or storage structures of a capacity greater than ten thousand (10,000) cubic meters, or having a retaining wall of ten (10) meters or more; or any other purpose that would not be consistent with, or that would not facilitate the realization of the objective of the Project.

C. Anti-Corruption

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of 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 (“Anti-Corruption Guidelines”).
D. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipients shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Recipients' Project for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipients 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 the indicators acceptable to the World Bank. Each Project Report shall cover the period of one year of Project implementation, and shall be furnished to the World Bank not later than two months after the end of the period covered by such report.

2. The Recipients 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. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section III of this Schedule.

B. Financial Management; Financial Reports; Audits

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

2. The Recipients 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 Recipients shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one year of the entire period during which withdrawals from the Grant Account were made. 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 “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods, works, and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“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 prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“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. International 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 International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works, and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works, and non-consulting services for those contracts specified in the Procurement Plan:

   (a) National Competitive Bidding subject to the following additional provisions:
(i) The tender submission date shall be set so as to allow a period of at least thirty (30) days from the later of (A) the date of advertisement, and (B) the date of availability of the tender documents.

(ii) Recipient-owned enterprises shall be allowed to participate in the tendering only if they can establish that they are legally and financially autonomous and operate under commercial law and are independent agencies of the Recipient’s government.

(iii) The Recipient shall use, or cause to be used, bidding documents and tender documents containing, *inter alia*, draft contracts and conditions of contracts, including provisions on fraud and corruption, audit and publication of award in form and substance satisfactory to the World Bank.

(iv) Extension of tender validity shall be allowed once only, and for not more than thirty (30) days, unless otherwise previously agreed in writing by the World Bank.

(v) Evaluation of tenders shall be based on quantifiable criteria expressed in monetary terms as defined in the tender documents, and not on a merit points system.

(vi) No domestic preference shall be used in the evaluation of tenders. Accordingly, contracts shall be awarded to qualified tenderers having submitted the lowest evaluated substantially responsive tender.

(vii) Notification of contract award shall constitute formation of the contract. No negotiation shall be carried out prior to contract award.

(viii) The two envelope bid opening procedure shall not apply

(b) Shopping; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; (d) Direct Contracting; (e) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (f) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the World Bank; (g) established commercial practices of the which have been found acceptable to the World Bank, for goods procured by and (h) Community Participation procedures 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) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (g) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (h) Selection of Individual Consultants; and (i) Single-source procedures for the Selection of Individual Consultants.

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 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, works, non-consulting services, and consultants’ services</td>
<td>$3,700,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
2. For the purposes of this Section: (i) the term “Workshops and Training” means the costs associated with workshops and training carried out under the Project including travel and subsistence costs for workshop and training participants, costs associated with securing the services of workshop speakers and trainers, rental of workshop and training facilities, preparation and reproduction of workshop and training materials, and other costs directly related to workshop and training course preparation and implementation; and (ii) the term “Operating Costs” means the operating costs incurred on account of the implementation of the Project including maintenance of vehicles, fuel, equipment, office supplies, rental charges, utilities, consumables, bank charges, advertising expenses, insurance, travel, per diems, and accommodation, but excluding salaries of civil servants.

3. For the purposes of this section, the Recipients’ Representative referred to under Article III, section 3.02 shall be vested with the responsibility to establish and maintain the designated account, withdrawal Project funds, and ensure all necessary financial management arrangements.

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 date of this Agreement.

   (b) under Category (2) above until the Recipients have completed a Proof of Concept Procedural Manual for selection of Proof of Concept Grants, in form and substance satisfactory to the World Bank, which shall include inter-alia written guidelines, procedures and selection criteria for accepting and selecting proof of concept grant proposals.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipients.
APPENDIX

Definitions

1. “Adelphi” means the registered organization at Caspar-Theyss-Strasse 14a, 14193 Berlin, Germany, or any successor thereto, acceptable to the World Bank.

2. “Annual Work Plan” means the document prepared by the Recipients setting out a time-bound program of Project activities by component and sub-component for the following Fiscal Year.


4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. “Climate Business” means those enterprises engaged in business activities that support either mitigation or adaptation to changing climate conditions, primarily working in the areas of energy efficiency, renewable energy, energy access, water access, climate adaptation and agribusiness.


7. “Consortium Agreement” means the consortium agreement signed between PricewaterhouseCoopers Limited, Kenya Industrial Research and Development Institute, GVEP International, and Strathmore University, dated March 15, 2012, as amended from time to time to the satisfaction of the World Bank.

8. “Donors” means the contributors and administrators of the Climate Innovation Trust Fund, including the World Bank, infoDev, Danida, and UKAID.


10. “GVEP International” means the registered organization at Kiganjo House, Rose Avenue, P.O. Box 76580 – 00508, Nairobi, Kenya, or any successor thereto, acceptable to the World Bank.

11. “Kenya CIC” means the Kenya Climate Innovation Center described in the Kenya CIC Business Plan.

13. “Kenya Industrial Research and Development Institute” means the registered organization at South C Campus - Popo Road, Off Mombasa Road, P.O. Box 30650 – 00100, Nairobi, Kenya, or any successor thereto, acceptable to the World Bank.

14. “The Kenya Institute for Public Policy Research and Analysis” means the registered organization at Bishops Garden Towers, Bishops Road P.O. Box 56445-00200, Nairobi, Kenya, or any successor thereto, acceptable to the World Bank.


16. “Netwas” means the registered organization at Magadi Road, Off Lang’ata Road, P. O. Box 15614-00503, Nairobi, Kenya, or any successor thereto, acceptable to the World Bank.

17. “Oxford Energy Associates” means the registered organization at Ramblers, Wheatley Road, Forest Hill, Oxford OX33 1EH, United Kingdom, or any successor thereto, acceptable to the World Bank.


19. “Project Implementation Team” means the representatives assigned by the Recipients to implement the Project.

20. “Proof of Concept Grant” means a sub-grant provided by the Kenya CIC management to SMEs in accordance with the Proof of Concept Procedural Manual.


22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 23, 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.
23. “PricewaterhouseCoopers Limited” means the registered organization at The Rahimtulla Tower, Upper Hill Road, P.O. Box 43963 – 00100 Nairobi, Kenya, or any successor thereto, acceptable to the World Bank.


26. “Strathmore University” means the registered organization at Madaraka Estate, Ole Sangale Road, P.O. Box 59857 – 00200, Nairobi, Kenya, or any successor thereto, acceptable to the World Bank.

27. “Technoserve” means the registered organization at Sclater's House, Parklands Road, P.O. Box 14821 - 00800, Nairobi, Kenya, or any successor thereto, acceptable to the World Bank.

28. “UNIDO” means the registered organization at UN Gigiri complex, P.O. Box 41609 – 00100, Nairobi, Kenya, or any successor thereto, acceptable to the World Bank.