Project Agreement

(Lesotho Renewable Energy and Energy Access Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

LESOTHO ELECTRICITY COMPANY
PROJECT AGREEMENT

AGREEMENT among INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and LESOTHO ELECTRICITY COMPANY ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement between KINGDOM OF LESOTHO ("Recipient") and the Association of the Signature Date. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the IDA Financing 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 Financing Agreement.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Parts 1 and 2(a) of the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for Parts 1 and 2(a) of the Project.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is the Managing Director.

3.02. For purposes of Section 11.01 of the General Conditions:

(a) the Association’s address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association’s Electronic Address is:

Telex: 248423(MCI) or 1-202-477-6391
3.03. For purposes of Section 11.01 of the General Conditions:

(a) the Project Implementing Entity's address is:

53 Moshoshoe Road
Industrial Area
Maseru
Lesotho;
AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Haie Francour
Title: Country Director
Date: March 13, 2020

LESOTHO ELECTRICITY COMPANY

By

Authorized Representative

Name: L.V. Ketsa
Title: Acting Managing Director
Date: 13th March 2020
Execution of the Parts 1 and 2(a) of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

By no later than one (1) month after the Effective Date, the Project implementing Entity shall establish and thereafter maintain, throughout the period of implementation of the Project, one technical unit under terms of reference, functions and resources satisfactory to the Association, which shall be: (i) supported by qualified and experienced staff in adequate numbers, satisfactory to the Association, including a Project manager, a financial management specialist, a procurement specialist, an environmental specialist, a social specialist and a monitoring and evaluation specialist; and (ii) responsible for implementing Parts 1 and 2(a) of the Project.

B. Project Implementation Manual

1. The Project Implementation Entity shall carry out Parts 1 and 2(a) of the Project in accordance with the provisions of the Project Implementation Manual, containing, inter alia, detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguard guidelines; (e) monitoring, evaluation, reporting and communication; (f) criteria for selecting industrial and economic zones to be benefited from the Project ("Selected Industrial and Economic Zones"); and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for implementing Parts 1 and 2(a) of the Project.

2. The Project Implementing Entity shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Association, provided, however, that in case of any conflict between the arrangements and procedures set out in any of said manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Safeguards

1. The Project Implementing Entity shall ensure and cause to ensure that the Parts 1 and 2(a) of the Project are carried out in accordance with the provisions of the EMSF, the RPF and all Safeguard Assessments and Plans. To this end, the Project Implementing Entity shall ensure that the appropriate review, clearance and public
disclosure of all Safeguard Assessments and Plans are carried out as required by the EMSF and the RPF.

2. Whenever an additional or revised Safeguard Assessment and Plan shall be required for any proposed Project activity under Parts 1 and 2(a) Project, in accordance with the provisions of the EMSF and the RPF, the Project Implementing Entity shall:

(a) prior to the commencement of such activity, proceed to have such Safeguard Assessment and Plan: (i) prepared and publicly consulted on in accordance with the provisions of the EMSF and the RPF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association;

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan; and

(c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement shall occur before necessary resettlement measures consistent with the RAP applicable to such activity have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. Without limitation on its other reporting obligations under this Agreement, the Project Implementing Entity shall collect, compile and submit to the Association on a bi-annual basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the EMSF, the RPF and the Safeguard Assessments and Plans, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

4. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the EMSF, the RPF or any Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing, and the Project Implementing Entity has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

5. In the event of any conflict between the provisions the EMSF, the RPF or any Safeguard Assessments and Plans, and the provisions of this Agreement, the provisions of this Agreement shall prevail.
6. The Recipient shall ensure that where industrial and economic zones benefit from activities financed out of proceeds of the Credit under Part 1 of the Project, those industrial and economic zones shall be selected in accordance with the criteria set forth in the Project Implementation Manual ("Selected Industrial and Economic Zones").

D. Annual Work Plan and Budget

1. The Project Implementing Entity shall, not later than January 31 of each year, prepare and furnish to the Recipient an annual work plan and budget ("Annual Work Plan and Budget") for Parts 1 and 2(a) of the Project for the subsequent year, said Annual Work Plan and Budget of such scope and detail as the Association shall have reasonably requested.

2. For any training to be included in an Annual Work Plan and Budget, the Project Implementing Entity shall, inter alia, identify: (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 known; (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, of such scope and detail as the Association shall have reasonably requested.

3. The Project Implementing Entity shall afford the Association a reasonable opportunity to review such Annual Work Plan and Budget, and, thereafter, the Project Implementing Entity shall carry out Annual Work Plan and Budget as shall have been approved by the Association. Only the activities included Annual Work Plan and Budget shall be eligible for financing.

4. The Annual Work Plan and Budget may be revised as required during Project implementation subject to the Association’s prior written approval.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of Parts 1 and 2(a) of the Project and prepare Project Reports for its Parts 1 and 2(a) of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar quarter and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than two (2) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions and all such information as the Recipient or the Association shall reasonably request for the purposes of such Sections.