OFFICIAL DOCUMENTS

CREDIT NUMBER 5844-KE

Financing Agreement
(Additional Financing for Kenya Electricity Expansion Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 29th June, 2016
FINANCING AGREEMENT

AGREEMENT dated 29th June, 2016, entered into between REPUBLIC OF KENYA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

WHEREAS (A) the Recipient intends to obtain a financial assistance from the Global Partnership on Output-Based Aid Trust Fund (GPOBA Trust Fund), a Grant in an amount of three million United States Dollar (US$3,000,000) ("GPOBA Grant") in support of Part C.3(b) of the Project;

WHEREAS (B) the Recipient has requested the Association to provide an additional Credit in an amount equivalent to forty-eight million Special Drawing Rights (SDR 48,000,000) in support of activities related to the Original Project; and

WHEREAS (C) the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional Credit to the Recipient upon the terms and conditions set forth in this Agreement;

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

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty-eight million Special Drawing Rights (SDR 48,000,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are February 15 and August 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part D of the Project through the Ministry of Energy and Petroleum (MoEP), and cause its Respective Parts of the Project to be carried out by the Kenya Electricity Generating Company Limited (KenGen), and its Respective Parts of the Project to be carried out by the Kenya Power and Lighting Company Limited (KPLC), in accordance with the provisions of Article IV of the General Conditions and the respective Project Agreements.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the Laws of the Project Implementing Entities and the Memorandum and Articles of Association of KenGen and KPLC have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the ability of any of the Project Implementing Entities to perform any of their obligations under this Agreement or their respective Project Agreements, or to achieve the objectives of the Project; and

4.02. The Additional Event of Acceleration consists of the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

4.03. The Co-financing Deadlines for the effectiveness of the Co-Financing Agreement is December 31, 2016.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Loan Agreements have been executed on behalf of the Recipient and the Project Implementing Entities.

5.02. The Additional Legal Matters consist of the following, namely that the Subsidiary Loan Agreements have been duly authorized or ratified by the Recipient and the Project Implementing Entities, and are legally binding upon the Recipient and the Project Implementing Entities in accordance with their respective terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years (20) after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s representative is the Cabinet Secretary at the time responsible for Finance.

6.02. The Recipient’s Address is:

The National Treasury
Treasury Building
P.O Box 30007-00100
Nairobi
Republic of Kenya

Cable: FINANCE nairobi
Telex: 22921 minfin-ke
Facsimile: 254 20 330426

6.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
AGREED at NAIROBI, KENYA, as of the day and year first above written.

REPUBLIC OF KENYA

By

[Signature]

Authorized Representative

Name: HENRY ROTICH

Title: CABINET SECRETARY

THE NATIONAL TREASURY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: DIABATEH NATH

Title: COUNTRY DIRECTOR - AFRICA REGION
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) increase the capacity, efficiency, and quality of electricity supply; and (b) expand access to electricity in urban, peri-urban, and rural areas.

The Project consists of Parts A, C and D of the Original Project, modified as follows:

Part A. Geothermal Generation (to be Implemented by KenGen)

1. Constructing and installing steam gathering and distribution systems.

2. Carrying out activities to assist KenGen to: (a) construct local infrastructure including roads; and (b) obtain technical advisory services on geothermal development.

3. Designing and supervising the construction of Olkaria IV and additional units for Olkaria I.

4. Constructing and installing generators, turbines and other equipment for the expansion of the Olkaria I power plant.

5. Constructing and installing generators, turbines and other equipment for the construction of Olkaria IV power plant.

6. Constructing the switchyards and transmission lines for connecting both Olkaria I and Olkaria IV to the national grid.

7. Carrying out environmental and resettlement activities in connection with the Project.

8. Commissioning into operation the steam let down stations and the steam gathering and distribution systems for supply of steam to Olkaria IV and Olkaria I Unit 4 & 5 power plants which have been constructed under the Original Project.

9. Carrying out activities to improve drainage at Olkaria IV Power plant including constructing a new cut off drain and culverts.

Part C. Distribution (to be implemented by KPLC)

1. Strengthening and extending the distribution system through: (a) constructing and refurbishing substations, distribution lines, services lines, acquisition of meters, line materials and transformers, as well as supervising the aforementioned work;
and (b) carrying out the environmental and resettlement activities in connection with the Project.

2. Carrying out activities to promote electrification in public facilities such as schools and clinics in rural areas through: (a) constructing distribution lines, substations, service lines, line materials and transformers; (b) implementing renewable energy off-grid electrification pilots as well as supervising the work under (a) and (b) above; and (c) implementing environmental and resettlement activities in connection with the Project.

3. Carrying out activities to connect low income consumers to electric supply through: (a) constructing distribution lines, substations, service lines and acquisition of meters, line materials and transformers; (b) providing grants for the connection of eligible consumers and supporting the verification of the connections; and (c) supplying and installing additional connections.

4. Recapitalizing the Revolving Fund to provide deferred payment options for connection fees.

5. Carrying out activities to connect slum consumers to electricity supply through: (a) constructing distribution lines, service lines and acquisition of meters, line materials and transformers; and (b) supporting the verification of the connections.

Part D. Institutional Development Studies, and Training

1. Carrying out a range of institutional and policy studies in the energy sector including a cost of service study and regulatory support studies.

2. Providing training to staff of: (a) KenGen; (b) KPLC; (c) REA; (d) MoE; (e) Geothermal Development Company Limited; (f) Energy Regulatory Commission; (g) KETRACO; and other sector stakeholders on a range of subjects including environmental and social management, project management and system planning.

3. Carrying out Project implementation support activities such as monitoring (including third party monitoring) and evaluation of the Project.

4. Carrying out monitoring and evaluation of distribution (slum electrification) component such as beneficiary assessment and feedback system.

5. Carrying out feasibility study for the planned Olkaria VII geothermal project, including geothermal analysis, geotechnical surveys, geo-survey investigations, selection of suitable site for power plant location, power evacuation study, economic and financial viability of the proposed project, environmental and social impact assessment, assessments of project development and financing options
(Public Private Partnership or public), and if public, preparation of power plant and associated infrastructure concept design, cost estimates, implementation schedule and bidding documents, and if PPP, bidding documents.

6. Providing training to staff of KenGen, KPLC, Kenya Electricity Transmission Company Limited, Geothermal Development Company Limited, Rural Electrification Authority and other sector stakeholders on health and safety management activities.
SCHEDULE 2

Project Execution

Section 1. Implementation Arrangements

A. Institutional Arrangements

Ministry of Energy and Petroleum

1. The Ministry of Energy and Petroleum (MoEP), through its MoEP Project Implementation Team (MoEP PIT) shall be responsible for the overall coordination and implementation of the Project.

Project Coordination Team

2. The Recipient shall maintain a Project Coordination Team (PCT) comprising Team Leaders of the Project Implementing Entities’ PITs, and MoEP PIT and other specialists as may be required from time to time.

3. Without limitation to paragraph 2 above, the PCT shall meet on a quarterly basis to review quarterly progress reports and evaluate performance of the Project.

B. Output-Based Slum Electrification

4. The Recipient shall cause KPLC to: (a) implement Part C.5 of the Project in accordance with the Output-Based Slum Electrification Manual, including providing for independent agent verification of the number and quality of the connections; and (b) not assign, amend, abrogate or waive any of the provisions of the Output-Based Slum Electrification Manual without the Association’s prior written concurrence.

C. Subsidiary Agreements

5. To facilitate the carrying out of the KPLC and KenGen’s Respective Parts of the Project, the Recipient shall make part of the proceeds of the Financing available each to KPLC and KenGen under a subsidiary loan agreement (“Subsidiary Loan Agreement”) between the Recipient and KPLC, and the Recipient and KenGen, under terms and conditions approved by the Association, which shall include the following: (i) repayment of principal in 25 years including a grace period of 7 years; (ii) the payment of interest not exceeding the rate of three and five tenths percent (3.5%) per annum; and (iii) the principal amount of each of the Project Implementing Entities’ subsidiary loan repayable by the Project Implementing Entities, being the equivalent in Dollars of the currency or currencies withdrawn from the Credit Account, in respect of the Respective Parts of the Project, such equivalent to be determined as of the date or respective dates of repayment.
6. The Recipient shall exercise its rights under the Subsidiary Loan Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Loan Agreements if any such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

D. Anti-Corruption

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

E. Environment and Social Safeguards

8. The Recipient shall, through the MoEP, cause the Project Implementing Entities to implement their Respective Parts of the Project in compliance with the Safeguard Frameworks and Safeguards Instruments, and except as the Association shall otherwise agree in writing, and subject to compliance with the same consultation and information disclosure requirements as applied to the adoption of the aforesaid Safeguard Frameworks and Safeguards Instruments in the first instance, the MoEP shall not amend or waive any provision thereof if any such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

9. The Recipient shall in its progress report include progress made on compliance with environmental and social safeguard measures under the Project, giving details of measures taken in furtherance of the environmental and social safeguard and any conditions which interfere or threaten to interfere with the smooth implementation of the said plans and frameworks, and remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association and set forth in the Project Implementation Plan. Each Project Report shall cover the period of three (3) months, and shall be furnished to the Association not later than thirty (30) days after the end of the period covered by such report.

2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.
B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than thirty (30) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period and a Management Letter shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding*</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
<tr>
<td>(e) Force Account</td>
</tr>
</tbody>
</table>

*National Competitive Bidding shall be undertaken in accordance with the Open Tender Procedure described in the Recipient’s Public Procurement and Asset Disposal Act, 2015, as may be amended from time to time, subject, however, to the following qualifications:

(i) the tender submission date shall be set so as to allow a period of at least 30 days of 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, 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 Association;

(iv) tender evaluation 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; and
(vii) notification of contract award shall constitute formation of the contract. No negotiation shall be carried out prior to contract award.

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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(f) Quality Based Selection</td>
</tr>
<tr>
<td>(g) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(h) Least-cost Selection</td>
</tr>
<tr>
<td>(i) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(j) Single-source Selection</td>
</tr>
<tr>
<td>(k) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultants’ Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

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

Section IV. **Withdrawal of the Proceeds of the Financing**

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing ("Category"), the allocations of the amounts of the Financing 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 Credit Allocated (Expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Works, Goods and Consultants' Services under Parts A and D5 of the Project</td>
<td>38,950,000</td>
<td>100%</td>
</tr>
<tr>
<td>2. Works, Goods, and Consultants' Services under Parts C and D4 of the Project</td>
<td>7,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>3. Consultants' Services and training under Parts D1, D2, D3 and D6 of the Project</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>48,000,000</strong></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, except that withdrawals up to an aggregate amount not to exceed 4,800,000 SDR equivalent may be made for payments made prior to this date, but on or after June 1, 2016, for Eligible Expenditures under Category (1).

2. The Closing Date is December 31, 2017.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15, commencing August 15, 2022, to and including February 15, 2054</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Affected Persons” means persons who on account of the execution of Parts of the Project, had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and “Affected Person” means any of the Affected Persons.


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

4. “Co-financier” means Global Partnership on Output-Based Aid (GPOBA), a Trust Fund established under the partnership of donors and international organizations working together to support output-based aid (OBA) approaches, and administered by the Association.

5. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of three million dollars, to be provided by the Co-financier to assist in financing the Project.

6. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.


8. “Energy Regulatory Commission” means the regulator of the energy sector established and operating pursuant to the Energy Act, 2006, or its legal successor thereto.

9. “Environmental and Social Management Framework” or “ESMF” means the ESMF dated January 11, 2010, prepared by KenGen for Part A of the Project, and the ESMF of April 2016 prepared by KPLC for Part B of the Project, and disclosed on April 19, 2016, all outlining the process for management of the environmental and social aspects of the Project as the same may be amended from time to time with the Association’s prior written concurrence.
10. “Environmental and Social Impact Assessment” or “ESIA” means the assessment to be done by KenGen pursuant to the ESMF dated January 10, 2011, acceptable to the Association, for Part A of the Project consisting of inter alia: (i) a description of the Project activities and a justification of the said activities, including alternatives considered during the Project design phase; (ii) the potential and actual adverse environmental and social impacts of the activities referred to under sub-paragraph (i) above; and (iii) an environmental and social management plan setting forth measures to be taken during the implementation and operation of the Project to mitigate, eliminate or otherwise offset adverse social and environmental impacts, or to reduce them to acceptable levels and to ensure compliance of the Project activities with such measures, as the same may be amended from time to time with the Association’s prior written concurrence.

11. “Environmental and Social Management Plan” or “ESMP” means any site-specific plan to be prepared by the Recipient, consistent with the ESMF, and to be duly disclosed in country and in the Association’s Infoshop, providing details about the management of the environmental and social aspects of the activities to be carried out under the Project, as the same may be amended from time to time with the Association’s prior written concurrence.

12. “Geothermal Development Company Limited” means a limited liability company wholly owned by the Recipient responsible for geothermal exploration, established under the Companies Act, 2015, and operating pursuant to the State Corporations Act, Cap 446 or any legal successor thereto.


14. “Indigenous Peoples” means distinct, vulnerable, social and cultural groups that may be identified pursuant to the studies outlined in the IPPF (as hereinafter defined) for the purposes of this Project.

15. “Indigenous Peoples Planning Framework” or “IPPF” means the Recipient’s framework of January 10, 2010, satisfactory to the Association outlining the basis for identifying indigenous peoples and their rights, the appropriate consultative process as well as guidelines to avert, minimize, mitigate, or provide culturally appropriate compensation for any potentially adverse effects as the same may be amended from time to time with the Association’s prior written concurrence.

16. “Indigenous Peoples Plan” or “IPP” means the plan to be prepared by the Recipient on the basis of the IPPF, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the IPP.
17. "Kenya Electricity Generating Company Limited" or "KenGen" means a publicly listed, limited liability company incorporated and operating under the Companies Act, 2015, responsible for generation of electricity or its legal successor thereto.

18. "Kenya Power and Lighting Company Limited" or "KPLC" means a publicly listed, limited liability company incorporated and operating under the Companies Act, 2015, responsible for transmission and distribution of electricity or any legal successor thereto.

19. "Kenya Shilling" or "KES" means the Recipient’s currency.

20. "KETRACO" or "Kenya Electricity Transmission Company Ltd" means a public limited liability company incorporated and operating under the Companies Act, 2015, responsible for the construction, operation and maintenance of high voltage electricity transmission lines and substations for the national transmission grid or its legal successor thereto.

21. "Laws of the Project Implementing Entities" means the Recipient’s Companies Act, 2015 under which KPLC and KenGen respectively are incorporated including their Memorandum and Articles of Association (as hereinafter defined). 

22. "Management Letter" means a letter issued by the external auditors as part of the annual audit report setting forth internal control weaknesses identified during the audit period.

23. "Memorandum and Articles of Association" means the memorandum of association of a company and the articles of association of a company as originally framed or as altered by the company from time to time, and which comprise the constitutive documents for incorporation and or registration of a company.


26. "Olkaria I" means the geothermal power station owned and operated by KenGen.

27. "Olkaria IV" means the geothermal power station owned and operated by KenGen.


29. "Original Financing Agreement" means the financing agreement for a Kenya Electricity Expansion Project between the Recipient and the Association, dated July 5, 2010, as amended to the date of this Agreement (Credit No. 4743-KE).
30. “Original Project” means the Project described in Schedule I to the Original Financing Agreement.

31. “Output-Based Slum Electrification Manual” means the Manual dated December 20, 2011, prepared by the KPLC setting forth the rules, procedures, standards and guidelines for the implementation of the Output-Based Slum Electrification activities under the Project, as the same may be amended and supplemented from time to time with the prior written agreement of the Association.


33. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 5, 2016 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.

34. “Project Implementation Team” or “PIT” means the project implementation team of a Project Implementing Entity or MoEP and “PITs” means, collectively, the Project Implementation Teams of the Project Implementing Entities and MoEP.

35. “Resettlement” means resettlement and rehabilitation of persons affected by the implementation of the Project, including as a result of the acquisition of land and other assets, and loss of access to land, other assets or income, whether permanent or temporary.

36. “Resettlement Action Plan” or “RAP” means the plan to be prepared by the Recipient on the basis of the RPF (as hereinafter defined) as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

37. “Resettlement Policy Framework” or “RPF” means the framework prepared by KenGen for Part A of the Project, dated December 4, 2009, and disclosed on January 6, 2010, for compensation payments to be made under the Project to Affected Persons as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association.

38. “REA” means the Rural Electrification Authority established under the Recipient’s Energy Act, 2006 or its legal successor thereto.

39. “Respective Parts of the Project” means: (i) with respect to KenGen, Parts A.7, A.8 and A.9, and D.5 of the Project; and (ii) with respect to KPLC, Parts C.5 and D.4 of the Project.
40. “Safeguard Frameworks” means the ESMF, IPPF and the RPF.

41. “Safeguard Instruments” means the ESMP, the ESIA, IPP, and the RAP.

42. “Subsidiary Loan Agreements” means the Agreements entered into between the Recipient and KPLC and KenGen respectively pursuant to which the Recipient shall make part of the proceeds of the Financing available to either of the Project Implementing Entities on a loan basis.