Development Grant Agreement

(Protected Areas and Wildlife Services Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator on behalf of
KREDITANSTALT FÜR WIEDERAUFBAU

Dated October 22, 1996
AGREEMENT, dated 022, 1996, between REPUBLIC OF KENYA (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION acting as Administrator (the Administrator) of a Grant provided by KREDITANSTALT FÜR WIEDERAUFBAU (KFW).

WHEREAS the Recipient has requested the assistance of the International Development Association (the Association) and of KFW in the financing of a Protected Areas and Wildlife Services Project described in Schedule 2 to the Development Credit Agreement dated March 30, 1992 between the Recipient and the Association (IDA Credit Agreement);

WHEREAS, in consideration of the above-mentioned request, KFW shall open a trust account and deposit therein an amount not exceeding twenty-eight million Deutsche Marks (DM 28,000,000) (the KFW Grant) and has, pursuant to a Letter of Agreement dated December 1, 1993, as amended, between KFW and the Association (the Administration Agreement), appointed the Association as Administrator of the said Trust Account for the purpose of providing assistance to the Recipient; and

WHEREAS the Association, as Administrator as hereinbefore mentioned, has agreed on the basis, inter alia, of the foregoing to extend the KFW Grant to the Recipient upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof:

(a) the term "Association," whenever used in the General Conditions, means the International Development Association acting as Administrator of the KFW Grant pursuant to the provisions of the Administration Agreement;
(b) the term "Development Credit Agreement," whenever used in the General Conditions, means this Agreement;

(c) the term "Credit," whenever used in the General Conditions, means the KFW Grant hereunder;

(d) the term "Credit Account," whenever used in the General Conditions or in this Agreement, means the Account opened by the Association in its books in the name of the Recipient to which the amount of the KFW Grant is credited;

(e) the term "Project" means the Project for which the KFW Grant is extended, as described in Schedule 2 to the IDA Credit Agreement dated March 30, 1992, and as the description thereof may be amended from time to time by agreement between the Association and the Recipient.

(f) Sections 3.02, 3.03, 3.04, 3.05, 4.01, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01 (a) and 12.05 of the General Conditions are deleted; and

(g) in Sections 6.02 and 7.01 of the General Conditions, the term "Association" shall include also the Association acting in its own capacity.

Section 1.02. Whenever used in this Agreement, the following terms "Deutsche Mark" and "DM" mean the currency of Germany.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to, a grant in an amount of twenty-eight million Deutsche Marks (DM 28,000,000).

Section 2.02. (a) The amount of the KFW Grant may be withdrawn from the Credit Account in accordance with the Schedule to this Agreement for expenditures made (or if the Administrator shall so agree, to be made) in respect of the reasonable cost of works and goods required for the Project.

(b) Withdrawals from the Credit Account shall be made in the respective currencies in which the expenditures to be financed out of the proceeds of the KFW Grant have been paid or are payable or, at the option of the Association, in Deutsche Marks.
Section 2.03. Except as the Administrator shall otherwise agree, procurement of the works and goods required for the Project and to be financed out of the proceeds of the KFW Grant shall be procured in accordance with the provisions of Schedule 3 to the IDA Credit Agreement.

Section 2.04. The Closing Date shall be December 31, 1998, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Program

Section 3.01. Except as the Administrator shall otherwise agree, Articles III and IV of the IDA Credit Agreement are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein, it being understood that all references in such Articles III and IV to the "Association" shall be deemed to be references to the Association acting as Administrator on behalf of the Kreditanstalt für Wiederaufbau under this Agreement, all references to the "Development Credit Agreement" shall be deemed to be references to this Development Grant Agreement, and all references to the "Credit" shall be deemed to be references to the KFW Grant.

ARTICLE IV

Effectiveness; Termination; Representation

Section 4.01. This Agreement shall become effective upon signature.

Section 4.02. This Agreement and all obligations of the Recipient and the Administrator hereunder shall terminate on the date on which the IDA Credit Agreement shall terminate in accordance with its terms.

Section 4.04. The representative designated in Section 6.01 of the IDA Credit Agreement shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 4.05. The addresses specified in Section 6.02 of the IDA Credit Agreement shall be the addresses specified for the purposes of Section 11.01 of the General Conditions.
Section 4.06. All the provisions of this Agreement shall continue in full force and
effect notwithstanding any cancellation or suspension under the IDA Credit Agreement.

ARTICLE V

Transfer of Rights and Obligations

Section 5.01. In accordance with the Administration Agreement, the rights and
obligations of the Administrator under this Agreement may be transferred to KFW. The
Recipient accepts and agrees that, upon notice by the Administrator to the Recipient to that
effect, KWF shall, ipso facto, from the date specified in such notice, be substituted in all
rights and obligations of the Administrator under this Agreement as if KWF had been an
original party to this Agreement, without any further action or formality required on the part
of any party, and from such date the Administrator shall cease to have any rights or
obligations as a party under this Agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives
thereunto duly authorized, have caused this Agreement to be signed in their respective
names in the District of Columbia, United States of America, as of the day and year first
above written.

REPUBLIC OF KENYA

By /s/ Benjamin Kipkorir
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION,
as ADMINISTRATOR on behalf of the
KREDITANSTALT FÜR WIEDERAUFBAU

By /s/ Calisto Madavo
Regional Vice President
Africa
SCHEDULE
Withdrawal of the Proceeds of the KFW Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the KFW Grant, the allocation of the amount of the KFW Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the KFW Grant Allocated (Expressed in DM Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Civil works</td>
<td>22,300,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(2) Consultants' services</td>
<td>1,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Unallocated</td>
<td>4,300,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>28,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. Notwithstanding the provision of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals may be made with respect to Category (1) on account of payments made for expenditures before that date but after March 31, 1996.
INTERNATIONAL DEVELOPMENT ASSOCIATION

CERTIFICATE

I hereby certify that the foregoing is a true copy
of the original in the archives of the International
Development Association.

FOR SECRETARY