Global Environment Facility
Grant Agreement
(Kenya Coastal Development Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)

Dated November 17, 2010

Amended and restated on 26th OCTOBER, 2015
GEF GRANT NUMBER TF 097578

GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT


The Recipient 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 the Appendix to this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Part 1(b) of the Project through the State Department of Fisheries (SDF) and the Kenya Marine Fisheries Research Institute (KMFRI) and Part 2(b) of the Project through KMFRI, the Kenya Forestry Research Institute (KEFRI) and Kenya Wildlife Service (KWS) in accordance with the provisions of Article II of the Standard Conditions and with respect to, KMFRI, KEFRI and KWS (Project Implementing Agencies), in accordance with their respective Subsidiary Agreement.

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, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to five million United States Dollars ($5,000,000) ("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. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following:

(a) Any of the Project Implementing Agency's Legislation has been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the ability of the Project Implementing Agency to perform any of its obligations under this Agreement or under its respective Subsidiary Agreement.

(b) The World Bank has determined after the Effective Date that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

(c) Any of the Project Implementing Agencies has failed to perform any of its obligations under its respective Subsidiary Agreement.

(d) The Recipient has failed to perform any of its obligations under the Financing Agreement of same date as this Agreement between the Recipient and the Association, providing for a credit to assist in the financing of a project of which this Project is a component ("IDA Financing Agreement"), or any of the Project Implementing Agencies has failed to perform any of its obligations under its respective Subsidiary Agreement entered into between the Recipient and such Project Implementing Agency in connection with the IDA Financing Agreement.
4.02. The Additional Event of Acceleration consists of the following: any 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 World Bank to the Recipient.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

(b) The IDA Financing Agreement and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under the IDA Financing Agreement (other than the effectiveness of this Agreement) have been fulfilled.

(c) The Subsidiary Agreements between the Recipient and the Project Implementing Agency have been executed in accordance with the Section 1.B (13) of Schedule 2 to this Agreement.

(d) The Recipient has prepared and adopted a Project Implementation Manual satisfactory to the World Bank.

(e) The Recipient has designated procurement staff to SDF, KEFRI, KWS, and NEMA with qualifications and experience satisfactory to the World Bank.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing: (a) on behalf of the Recipient, that this Agreement, the IDA Financing Agreement have been duly authorized or ratified by, and executed and delivered on its behalf and are legally binding upon it in accordance with their respective terms; and (b) the Subsidiary Agreements referred to in Section 1.B (13) of Schedule 2 to this Agreement have been duly authorized or ratified by the Recipient and the Project Implementing Agencies and are legally binding upon each such party in accordance with their terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, the Effective Date on which this Agreement shall enter into effect shall be the date upon which the
World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01. If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such events have ceased to exist.

5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister for Finance.

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

Ministry of Finance
Treasury Building
P.O Box 30007-00100
Nairobi
Republic of Kenya

Cable: FINANCEnairobi Telex: 22921 minfin-ke Facsimile: 254 20 330426

6.03. 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) Facsimile: 1-202-477-6391

AGREED at Nairobi, Republic of Kenya, as of the day and year first above written.
REPUBLIC OF KENYA

By

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(Acting as an Implementing Agency of the Global Environment Facility)

By

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to strengthen conservation and sustainable use of marine and coastal biodiversity.

The Project consists of the following parts:

Part 1: Sustainable Management of Fisheries Resources

(a) Promoting and developing fisheries governance including support for the development of increased capacity to undertake monitoring, control and surveillance and optimizing the use of deep-sea resources within the Recipient’s Exclusive Economic Zone through provision of goods, services, works and technical assistance required for that purpose.

(b) Promoting and developing the Recipient’s fisheries management and research capacity including assessment of fish stocks, ecosystem approach to fisheries, and co-management of fisheries, all through the provision of goods, works, training and technical advisory services required for that purpose.

(c) Promoting and developing value addition of fish catches in the coastal fisheries and the affected communities through provision of goods, works, training and services required for that purpose.

(d) Carrying out research to promote the development of aquaculture through provision of goods and training required for that purpose.

(e) Constructing buildings and carrying out minor infrastructure improvements for the management of relevant natural resources.

Part 2: Sound Management of Natural Resources

(a) Carrying out co-management and partnerships arrangements to improve the management and regeneration of natural resources and biodiversity through provision of technical advisory services, goods, works, and training required for that purpose.

(b) Improving research capacity and information systems for natural resource management and biodiversity conservation through training, provision of goods, works and technical advisory services required for that purpose.

(c) Identifying biodiversity products and markets to assist in promoting eco-tourism and related industries through provision of technical advisory services required for that purpose.
(d) Strengthening the capacity of local communities and institutions through conducting awareness campaigns and capacity building activities for sustainable natural resource management, and providing improved extension services through training and technical advisory services required for that purpose.

(e) Constructing buildings and carrying out minor infrastructure improvements for the management of relevant natural resources.

Part 3: Building Coastal Capacity for Sustainable Natural Resource Use and Management

(a) Building the capacity of the implementing agencies’ decentralized offices in the Coast Region through training, provision of goods and technical advisory services required for that purpose.

(b) Preparing a land capability plan for the Coast Region and land use plans for Selected Counties and wards, through provision of goods, training and technical advisory services required for that purpose.

(c) Enhancing NEMA’s capacity to strengthen and implement the Integrated Coastal Zone Management framework, through training, provision of goods and services required for that purpose.

(d) Carrying out value chain studies and provision of business development and financial services for promoting the development of micro, small and medium enterprises through provision of technical advisory services, goods, and training required for that purpose.

(e) Piloting of public-private partnerships to promote sustainable management of coastal and marine resources through provision of technical advisory services and training required for that purpose.

(f) Establishing and building capacity of the Project staff through training, technical advisory services and provision of goods required for that purpose.

(g) Establishing and implementing a Development Fund of the Coast, the Hazina ya Maendeleo ya Pwani (HMP), to provide micro-credit banking fees and grants to Beneficiaries to implement eligible demand driven sub-projects that promote micro and small enterprises, natural resources management and community services; all through provision of technical advisory services, goods and provision of grants and banking fees required for that purpose.

(h) Developing an information and communication strategy for the Project through provision of technical assistance, goods and advisory services required for that purpose.
(i) Developing and implementing an effective monitoring and evaluation system through provision of goods and advisory services required for that purpose.

(j) Establishing efficient coordination mechanisms and management procedures through provision of goods and technical advisory services required for that purpose.

(k) Constructing buildings and carrying out minor infrastructure improvements.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Ministry of Agriculture, Livestock and Fisheries

1. The Ministry of Agriculture, Livestock and Fisheries (MoALF) shall be responsible for the overall coordination of the Project.

National Project Steering Committee

2. The Recipient shall maintain throughout Project implementation, a National Project Steering Committee (NPSC) in form and substance and with functions and resources satisfactory to the World Bank.

3. Without limitation upon the provisions of paragraph 2 of this Section, the NPSC shall meet twice a year or as needed, and shall be responsible for: (i) providing overall policy guidance on all issues relating to the Project; (ii) facilitating coordination among the Relevant Ministries; and (iii) reviewing and approving annual work plans and budgets.

National Technical Committee

4. The Recipient shall maintain throughout Project implementation, the National Technical Committee composed of directors from the Project Implementing Agencies to be responsible for: (i) monitoring and guiding the Project activities and programs; (ii) reviewing work plans and budgets; (iii) reviewing the Procurement Plan; and (iv) recommending policy interventions to the NPSC.

Coastal Area Advisory Committee

5. The Recipient shall maintain throughout Project implementation, a Coastal Area Advisory Committee (CAAC) in form and substance and with functions and resources satisfactory to the World Bank.

6. Without limitation upon the provisions of paragraph 5 of this Section, the CAAC shall be responsible for: (i) promoting community participation in the Project’s activities; (ii) providing advice to the Project Management Unit on the work program and its implementation; and (iii) conducting social audits.
**Project Manager**

7. The Recipient shall maintain, throughout Project implementation, a full time Project Manager (PM) with qualifications, experience, resources and terms of reference satisfactory to the World Bank.

8. Without limitation upon the provisions of paragraph 7 of this Section, the PM shall be responsible for overall Project coordination and management and serve as secretary to the National Project Steering Committee.

**Project Management Unit**

9. The Recipient shall maintain throughout Project implementation, a Project Management Unit (“PMU”) within KMFRI with staffing, resources and terms of reference satisfactory to the World Bank.

10. Without limitation upon the provisions of paragraph 9 of this Section, the PMU shall: (i) undertake the day-to-day administration of the Project including financial management, consolidation of procurement plans, procurement processing, preparation of annual work plans and budgets and compilation and consolidation of progress reports, financial management and monitoring and evaluation reports; and (ii) not later than December 15, 2015 appoint a communication specialist, a private sector development specialist, a website manager, an auditor and monitoring and evaluation assistants, all with experience, qualification and terms of reference satisfactory to the World Bank.

**Project Component Managers**

11. The Recipient shall maintain throughout Project implementation, Project Component Managers with qualifications, terms of reference and experience satisfactory to the World Bank.

12. Without limitation upon the provisions of paragraph 11 of this Section, the Project Component Managers shall: (i) directly report to the PMU; and (ii) be responsible for the coordination of the technical implementation of the activities under their respective component of the Project.

**B. Subsidiary Agreements**

13. To facilitate the carrying out of the Project Implementing Agencies’ respective parts of the Project, the Recipient shall make the proceeds of the Grant allocated from time to time for the respective Categories, available to the Project Implementing Agencies under a subsidiary agreement between the Recipient and each Project Implementing Agency (Subsidiary Agreement) under terms and conditions approved by the World Bank, which shall require the Project Implementing Agency to, *inter alia:*
(a) carry out its respective part of the Project with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices, including the provisions of the Anti-Corruption Guidelines and in accordance with the provisions of this Agreement;

(b) procure all goods and services required for its respective part of the Project and to be financed out of the proceeds of the Grant in accordance with the provisions of Section III of this Schedule; and (ii) ensure that all such goods and services are used exclusively for the purposes of the Project;

(c) ensure that all facilities relevant to its respective part of the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed;

(d) with respect to records management, (i) maintain records adequate to record the progress of its respective part of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Grant and disclose their use in the Project; (ii) furnish such records and information as may be requested by the Recipient or the World Bank; and (iii) retain all records evidencing expenditures under its respective part of the Project for the period of time specified in the Standard Conditions;

(e) with respect to monitoring and evaluation (i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the World Bank, the progress of its respective part of the Project and the achievement of its objective; (ii) prepare periodic reports, in form and substance satisfactory to the World Bank, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of its respective part of the Project, and to achieve its objectives, each such report to cover every quarter; (iii) furnish each such report to the Recipient within two weeks after such period to enable the Recipient to incorporate such report in its Project Report for the same period and to comply with its reporting obligations under Section II of this Schedule 2; and (iv) prepare, and furnish to the Recipient a final report, of such scope and in such detail as the World Bank shall reasonably request, on the execution of its respective part of the Project, and furnish the same to the Recipient within two weeks after the end of such period to enable the Recipient to incorporate such report in its report and comply with its obligations under Section II of this Schedule 2;
(f) with respect to the financial management (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to its respective part of the Project; (ii) avail the records pertaining to the Project to external and internal auditors for audit; and (iii) prepare and submit, on the fifth day of each month interim unaudited financial reports relating to the previous month to the PMU for consolidation and such other information concerning such unaudited financial statements as the World Bank may from time to time reasonably request;

(g) open and maintain a dedicated Project Account, until the completion of the Project, in a commercial bank at the coast and on terms and conditions acceptable to the World Bank; and ensure that the funds deposited into the Project Account shall be used exclusively to finance the cost of expenditures related to the Project;

(h) designate and maintain staff in the coastal region as appropriate, with qualifications, resources, terms of reference and experience satisfactory to the World Bank, for the implementation of the Project; and

(i) participate in and implement the relevant recommendations of the Mid-Term Review.

14. Without limitation upon the provisions of paragraph 13 of this Section, the Subsidiary Agreement with KMFRI shall include a requirement for KMFRI through the PMU to undertake within the first year of Project implementation, the day-to-day coordination of the Project including financial oversight.

15. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of their provisions.

C. Project Implementing Ministries

16. In order to promote effective implementation of their respective parts of the Project, the Recipient shall ensure that the Project Implementing Ministries observe the requirements referred to in paragraph 13 of this Section.

D. Project Implementation Manual

17. In implementing the Project, the Recipient shall:
(i) update the Project Implementation Manual ("PIM") in form and substance satisfactory to the World Bank; and

(ii) implement the Project in accordance with the Project Implementation Manual and except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual, if such amendment or waiver may, in the opinion of the World Bank, materially or adversely affect the implementation of the Project.

E. Project Implementation Manual

18. In implementing the Project, the Recipient shall:

(iii) update the Project Implementation Manual (PIM) in form and substance satisfactory to the World Bank; and

(iv) implement the Project in accordance with the Project Implementation Manual and except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual, if such amendment or waiver may, in the opinion of the World Bank, materially or adversely affect the implementation of the Project.

F. Anti-Corruption

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

G. Environmental and Social Safeguards

20. The Recipient shall:

(a) implement the Project in compliance with the requirements of the Environmental and Social Management Framework (ESMF), the Indigenous Peoples Planning Framework (IPPF), the Process Framework (PF), the VGMP, and the RAP, if applicable, and except as the World Bank shall otherwise agree in writing and, subject to the initial requirements for consultations and disclosure, the Recipient shall not amend or waive any provision of the ESMF, VGMP, IPPF or the PF if any such amendment or waiver may, in the opinion of the World Bank, materially or adversely affect the implementation of the Project;

(b) without limitation to paragraph 20(a) immediately above, ensure that all technical assistance under the Project, application of whose results would have environmental or social implications, shall only be undertaken
pursuant to terms of reference reviewed and found satisfactory by the World Bank, such terms of reference to ensure that the technical assistance takes into account, and calls for application of, the World Bank’s environmental and social safeguard policies;

(c) ensure that the Project is implemented in accordance with VGMP. To that end, if any Project activities would, pursuant to the Framework, require the preparation of a VGMP, the Recipient shall ensure that said activities shall not be implemented unless and until said VGMP has been: (a) prepared, in accordance with the relevant Framework and furnished to the World Bank for approval; (b) disclosed following approval of the World Bank; and (c) all measures required to be taken thereunder prior to the commencement of said activities have been taken. Except as the World Bank 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 VGMP in the first instance, the Recipient shall not amend or waive any provision thereof; and

(d) ensure that Project reports referred to in Section II.A of this Schedule shall include adequate information on the implementation and monitoring of the measures undertaken to implement the provisions of the ESMF, VGMP, IPPF and PF.

H. Disclosure of information and Social Accountability

21. The Recipient shall throughout the implementation of the Project, ensure that there are adequate Social Accountability Measures to ensure that stakeholders participate effectively in the monitoring of the use of Project resources.

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 agreed with 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 (6) months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the
Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

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. 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 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 of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods and 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 under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”) in the case of goods and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

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

<table>
<thead>
<tr>
<th>Procurement Method</th>
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<tbody>
<tr>
<td>(a)  International Competitive Bidding</td>
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<tr>
<td>(b)  National Competitive Bidding*</td>
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<tr>
<td>(c)  Shopping</td>
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<tr>
<td>(d)  Direct Contracting</td>
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<tr>
<td>(e)  Force Account</td>
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<tr>
<td>(f)  Community Participation procedures which have been found acceptable to the World Bank</td>
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</tbody>
</table>

(*) National Competitive Bidding shall be undertaken in accordance with the Recipient’s Public Procurement and Disposal Act, 2005 (No. 3 of 2005) (herein referred to as the “PPDA”), and its Public Procurement Disposal Regulations, 2006 (herein referred to as the “Regulations”), 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 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, 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 tender 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; and

(ix) shopping procedure will apply for each low value contracts in lieu of Direct Procurement, except as otherwise previously agreed in writing by 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 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.
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>Procurement Method</th>
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<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
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<tr>
<td>(b) Selection under a Fixed Budget</td>
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<tr>
<td>(c) Least Cost Selection</td>
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<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
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<tr>
<td>(e) Single-Source Selection</td>
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<tr>
<td>(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines for the Selection of Individual Consultants</td>
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<tr>
<td>Category</td>
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<tr>
<td>Prior to the date of signature of the GEF Grant Agreement as amended and restated</td>
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<tr>
<td>As of the date of signature of the GEF Grant Agreement as amended and restated</td>
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<tr>
<td>TOTAL AMOUNT</td>
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</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 October 29, 2016.
APPENDIX

Section I     Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“...(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has
engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board set forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”

Section II. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix.


3. “Association’s Financing” means an amount of twenty million five hundred seven thousand four hundred and five Special Drawing Rights (SDR 20,507,405) to be provided to the Recipient by the Association to assist in financing the Project.


5. “Beach Management Unit” means community based membership organizations bringing together fisheries stakeholders (government officials, boat crew, boat owners, managers, charterers, fish processors, fish mongers, local gear makers or repairers and fishing equipment dealers) at a beach or fish landing site with a view to improving the management of fisheries resources and the livelihoods of the community members.

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

7. “Coast Development Authority” or “CDA” means the Recipient’s regional development agency established and operating pursuant to the Coast Development Authority Act, Chapter 449 of the Laws of Kenya or its legal successor thereto.
8. “Coast Interfaith Council of Clerics” means a voluntary association of Christian and Muslim clerics in the coast region established to advance the mutual interests of its members.

9. “Coastal Area Advisory Committee” or “CAAC” means a committee established by the Recipient in accordance with Section I. A (4) of Schedule 2 to this Agreement, comprising representatives from: Beach Management Units; Beneficiaries implementing Subprojects; the Coast Interfaith Council of Clerics; human health based community based organizations; tourism based nongovernmental organizations or community based organizations; forestry based nongovernmental organizations or community based organizations; agricultural based nongovernmental organizations or community based organizations and such other organizations as may be identified from time to time with the prior concurrence of the World Bank.


11. “Environmental and Social Management Framework” or “ESMF” means an instrument satisfactory to the World Bank, prepared and adopted by the Recipient and dated February 5, 2010 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 World Bank’s prior written concurrence.

12. “Exclusive Economic Zone” means the sea zone stretching sea wards to 200 nautical miles measured from the low water line, in which the Recipient by virtue of international law has special rights over the exploration and use of resources found therein.

13. “IDA Financing Agreement” means the agreement of the same date as this Agreement between the Recipient and the Association, providing for the Association’s Financing and includes all appendices, schedules and agreements supplemental to the IDA Financing Agreement.

14. “Indigenous Peoples Planning Framework” or “IPPF” means an instrument prepared by the Recipient satisfactory to the World Bank and dated February 5, 2010 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 World Bank’s prior written concurrence.
15. "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.

16. "Integrated Coastal Zone Management" or "ICZM" means a holistic and dynamic process of resource management for environmentally sustainable development in coastal areas.

17. "Kenya Forestry Research Institute" or "KEFRI" means a research institute mandated to carry out research in forestry and allied natural resources, established and operating pursuant to the Recipient's Science and Technology Act, Chapter 250 of the Laws of Kenya or its legal successor thereto.

18. "Kenya Marine Fisheries Research Institute" or "KMFRI" means the marine research institute established and operating pursuant to the Recipient's Science and Technology Act, Chapter 250 of the Laws of Kenya or its legal successor thereto.

19. "Kenya Wildlife Service" or "KWS" means an agency responsible for conserving and managing wildlife in Kenya and for enforcing related laws and regulation, established and operating pursuant to the Recipient's Wildlife (Conservation and Management) Act, Chapter 376 of the Laws of Kenya was repealed and replaced by the Wildlife Conservation and Management Act of 2013."

20. "Ministry of Agriculture, Livestock and Fisheries" or "MoALF" means the Recipient’s Ministry responsible for agriculture, livestock and fisheries.

21. "Ministry of Environment, Natural Resources and Regional Development" means the Recipient’s Ministry responsible for environmental and natural resources, and regional development.


23. "Ministry of Land, Housing and Urban Development" means the Recipient’s Ministry responsible for land, housing and urban development.

24. "National Environment Management Authority" or "NEMA" means the Recipient’s agency responsible for promoting sustainable environmental management, established and operating pursuant to the Environmental Management and Coordination Act, Act No. 8 of 1999 of the Laws of Kenya or its legal successor thereto.

25. "National Project Steering Committee" or "NPSC" means a committee established by the Recipient in accordance with Section I. A (2) of Schedule 2 to this Agreement, comprising Permanent Secretaries of the Relevant Ministries, Directors of the Project Implementing Agencies, relevant directors in Relevant Ministries, the PM and chaired by PS Ministry of Fisheries Development.
26. "Operating Costs" means the expenses incurred on account of Project implementation including expenditures for maintaining equipment and vehicles, fuel, office supplies, utilities, consumables, travel per diems and allowances, travel and accommodation, workshop venues and materials and communication costs.

27. "Process Framework" or "PF" means an instrument satisfactory to the World Bank, prepared and adopted by the Recipient and dated April 30, 2010 outlining the process by which members of potentially affected communities participate in design of project activities, determination of criteria for eligibility and compensating measures to assist those adversely affected, and implementation and monitoring of relevant Project activities as the same may be amended from time to time with the World Bank’s prior written concurrence.


29. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated June 4, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

30. “Project Account” means an account to be opened in a commercial bank acceptable to the World Bank and operated by the Recipient, the Project Implementing Agencies or the Beneficiaries for purposes of receiving the proceeds of the Grant.

31. "Project Component Manager" means an officer appointed by the Recipient with responsibility for coordinating the implementation of component activities and referred to in Section I.A (11) of Schedule 2 to this Agreement.

32. “Project Implementation Manual” means the set of manuals, including the HMP Manual, prepared by the Recipient setting forth the rules, procedures, standards and guidelines for the implementation of the Project, including administrative and financial management procedures and an annex detailing the risk based internal audit approach and referred to in Section I.D (17) of Schedule 2 to this Agreement, as the same may be amended and supplemented from time to time with the prior written agreement of the World Bank.

33. “Project Implementing Agency’s Legislation” means the Coast Development Authority Act, Chapter 449 of the Laws of the Recipient (as the same may be amended from time to time), or the Wildlife (Conservation and Management) Act, Chapter 376 of the Laws of the Recipient (as the same may be amended from time to time), or the Science and Technology Act, Chapter 250 of the Laws of the Recipient (as the same may be amended from time to time) or the Environmental Act.
Management and Coordination Act, Act No. 8 of 1999 of the Laws of the Recipient (as the same may be amended from time to time).

34. “Project Implementing Agency” means CDA, KEFRI, KMFRI, KWS, and NEMA.

35. “Project Implementing Ministries” means the Ministry of Agriculture, Livestock and Fisheries, the Ministry of Environment, Natural Resources and Regional Development and the Ministry of Land, Housing and Urban Development.

36. “Project Management Unit” or “PMU” means the project implementing unit within KMFRI established pursuant to Section 1.A (9) of Schedule 2 to this Agreement comprising of a Project Manager, Project Component Managers, a procurement officer, an accountant, a secretary, an assistant accountant, a monitoring and evaluation officer supported by consultant specialists including a monitoring and evaluation specialist, a communication specialist, a procurement specialist and a financial management specialist.

37. “Project Manager” or “PM” means an officer appointed by the Recipient with responsibility for the overall Project coordination and referred to in Section 1.A (7) of Schedule 2 to this Agreement.

38. “Relevant Ministry” means the Ministry of Agriculture, Livestock and Fisheries; the Ministry of Environment, Natural Resources and Regional Development; Ministry of Land, Housing and Urban Developments; and the Ministry of Finance.

39. “Resettlement Action Plan” or “RAP” means a plan in form and substance satisfactory to the World Bank prepared and adopted by the Recipient setting out the proposed resettlement and its impact on displaced persons and other adversely affected groups and the actions planned to be undertaken to mitigate the potential negative impact of the Project activities on the affected persons as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the World Bank.

40. “Selected Counties” means the counties of Kilifi, Kwale, Lamu, Malindi, Mombasa, and Taita Taveta and any other areas which may be agreed with the World Bank in writing.

41. “Social Accountability Measures” means the measures taken by the Recipient for periodic disclosure of information related to the Project and includes information on budget allocation, allocation of funds, Project operational results, Project implementation progress, audit findings; reports on corruption and fraud; and mechanisms for public complaints and feedback, and referred to in Section 1.H (21) of Schedule 2 to this Agreement.
42. "State Department of Fisheries" or "SDF" means the department that was created vide Executive Order No. 1 of April 18, 2013, under the Ministry of Agriculture, Livestock and Fisheries. SDF is mandated to facilitate the exploration, exploitation, utilization, management, development and conservation of fisheries resources as well as aquaculture development and to undertake research in marine and fresh water fisheries in the Recipient's territory.

43. "Subsidiary Agreement" means the agreement entered into between the Recipient represented by the Ministry of Agriculture, Livestock and Fisheries Development and a Project Implementing Agency pursuant to which the Recipient makes part of the proceeds of the Grant available to the Project Implementing Agency.

44. "Training" means the costs incurred on account of training programs and seminars, workshops and study tours including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities incidental to the preparation and implementation of training activities but excluding consultants' services.

45. "VGMP" or "Vulnerable and Marginalized Group Plan" means each of the plans to be prepared by the Recipient, satisfactory to the World Bank, disclosed in country and in the World Bank’s Infoshop, which sets out the measures to be carried out by the Recipient to ensure that: (a) VMGs affected by the Project receive culturally appropriate social and economic benefits; and (b) when potential adverse effects on VMGs are identified, those adverse effects are compensated for, avoided, minimized, or mitigated.