Ms. Esther Mwaura-Muiru  
GROOTS Kenya  
10320 Beverly Court  
Nairobi  
Republic of Kenya  

Re: Republic of Kenya: JSDF Grant for Accelerating Rural Women’s Access to Agricultural Markets and Trade Project  
Grant No. TF012019  

Dear Madam:  

In response to the request for financial assistance made on behalf of GROOTS Kenya (the “Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), as administrator of grant funds provided by Japan (“Donor”) under the Japan Social Development Fund, proposes to extend to the Recipient, for the benefit of the Republic of Kenya (“Member Country”), a grant in an amount not to exceed two million eight hundred fifty eight thousand five hundred United States Dollars (U.S.$2,858,500) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).  

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.  

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.  

Please confirm the Recipient’s agreement with the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall
become effective as of the date of the countersignature, provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement by ninety (90) days, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Johannes Zutt
Country Director for Kenya
Africa Region

AGREED:
GROOTS KENYA

By:

Authorized Representative

Name: ESTHER MWATHA - MWIRE
Title: NATIONAL COORDINATOR
Date: 30 MAY 2012

Enclosures:

✓ (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
✓ (5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
Article I  
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:

(a) "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 and revised in January 2011.

(b) "Beneficiary" means a selected woman farmer who has met the eligibility criteria set out in the Sub-grants Manual (as hereinafter defined) and the requirements of Section 2.03(e) of this Agreement and as a result has received, or is eligible to receive, a Sub-grant (as hereinafter defined).

(c) "Consultants’ Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011.

(d) "Operating costs" means reasonable operating costs required for the Project, including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, travel, lodging and per diems, but excluding salaries of officials of the Recipient’s civil service.


(f) "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 12, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

(g) "Project Implementation Manual" or "PIM" means the manual pursuant to Section 2.03(a) of this Agreement outlining, *inter alia*, implementation arrangements, responsibilities, procurement procedures and other requirements for the implementation of the Project, as the same may be amended from time to time in accordance with the provisions of this Agreement, and such term includes any schedules to the PIM.
(h) "Seed Funding Advisory Committees" or "SFAC" means the committees to be composed of individuals elected on the basis of the developed business plans referred to in Section 203 (d) of this Agreement.


(j) "Sub-grant" means a grant to be made out of the proceeds of the Grant to a Beneficiary to finance a Sub-project under Part 4(iii) of the Project.

(k) "Sub-grants Manual" means the manual to be adopted by the Recipient setting forth, inter alia, eligibility criteria and procedures for Sub-grants, as the same may be amended in accordance with the provisions of this Agreement, and such term includes any schedules to the Sub-grants Manual.

(l) "Sub-project" means a specific development project to be carried out by a Beneficiary under Part 4(iii) or of the Project and to be financed under a Sub-grant.

(m) "Sub-project Agreement" means an agreement providing for a Sub-grant to be made by the Recipient to a Beneficiary to finance a Sub-project.

(n) "Training" means the reasonable of the following expenditures incurred to finance: (i) the training, workshops, study tours provided under the Project; (ii) the transportation costs, accommodation and per diem of trainers and trainees; (iii) rental training facilities, and (iv) preparation, acquisition, reproduction, translation and distribution of training materials.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to empower a number of vulnerable women farmers economically and socially, improve their livelihood and strengthen their business skills to allow them to fully maximize their participation in and benefits from agricultural markets and society in Kitui and Molo, two vulnerable target districts in rural Kenya. The Project consists of the following parts:

1. Organize women farmers to work collectively to economically empower and improve their livelihood

Carrying out of a program of activities to engage women farmers in sustainable and profitable agribusinesses through: (i) a rapid value chain survey to identify agricultural innovations and practices, priority sectors and the scope for value addition among women farmers’ activities; (ii) a participatory mapping and community organization for the identification of successful agri-based farmers and entrepreneurs in each of the Project’s selected districts; and (iii) peer mentoring and best practice exchange visits to motivate and inspire women farmers to achieve success in their own organizing.
2. **Enhance women farmers' lobbying and advocacy capacities for essential services to improve production**

Enhancing women farmers’ lobbying and advocacy capacities to access essential services to improve production, through the: (i) carrying out of training and capacity assessment; (ii) strengthening of their financial and agricultural capacity; and (iii) setting-up of an informal advisory board to ensure linkages, dissemination of findings and access to information.

3. **Enhance women farmers’ business capacities and facilitate market linkages**

Enhancing women farmers’ business capacities and facilitate market linkages through the development of business plans to: (i) increase their production; (ii) enhance their business skills; and (iii) empower them to interact with end-buyers, service providers and other stakeholders.

4. **Empower women to improve their production capabilities on specific commodities and enhance their access to microfinance to strengthen enterprises**

Providing women farmers with opportunities to create and strengthen their business, by: (i) building their capacity on how to identify existing micro-finance channels; (ii) organizing workshops on lending products to deepen stakeholders’ understanding of women farmers’ needs and interests; and (iii) providing them with micro-finance opportunities.

5. **Monitoring and evaluation, and project management**

A. **Monitoring and evaluation**

Ensuring participatory monitoring and evaluation through the: (i) provision of training to women farmers to self-document their progress; (ii) development of adequate tools to generate the Project’s baseline data and mid-term evaluation; (iii) impact evaluation at Project completion; and (iv) knowledge dissemination in appropriate forums.

B. **Project management**

Provision of technical expertise for the implementation of the Project.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with: (a) the provisions of Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines and (c) this Article II.

2.03. **Institutional and Other Arrangements.** Without limitations upon the provisions of Section 2.02 above:

(a) The Recipient shall maintain a Project Implementation Manual (“PIM”) for the Project, other than Part 4(iii), in form and substance satisfactory to the World Bank, setting forth the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative,
financial, technical and organizational arrangements and procedures as shall be required for the Project.

(b) The Recipient shall prepare and adopt, throughout Project implementation, a procedures manual ("Sub-grants Manual") satisfactory in form and substance to the World Bank, consisting of different schedules setting forth, respectively, rules, methods, guidelines, specific development plans, standard documents, form of Sub-grant Agreement, terms and conditions pursuant to the activities under Part 4(iii) of the Project.

(c) Except as the World Bank and the Recipient may otherwise agree, the Recipient shall not amend, abrogate, waive, or otherwise modify; or permit to be amended, abrogated, waived, or otherwise modified the PIM and/or the Sub-grants Manual, or any provision thereof, without the prior written approval of the World Bank. In case of inconsistency between this Agreement, on the one hand, and the PIM and/or the Sub-grants Manual, on the other hand, the terms of this Agreement shall prevail.

(d) The Recipient shall maintain, throughout the implementation of the Project, the Seed Funding Advisory Committees (SFAC) to be responsible for identifying, managing and disbursing seed-money to selected Beneficiaries on the basis of developed business plans.

(e) The Recipient shall, for the purposes of Part 4(iii) of the Project, make Sub-grants available to Beneficiaries for Sub-projects on the following terms and conditions:

1. To be eligible for a Sub-grant, the proposed Beneficiary shall be required to demonstrate to the satisfaction of the Recipient and the World Bank that the following eligibility criteria and such additional criteria as are set forth in the PIM, have been met: (i) the Sub-project is technically, economically and financially feasible and environmentally sound; and (ii) the Beneficiary has the legal and organizational, managerial and financial capacity to carry out the Sub-project.

2. The Recipient shall make available each Sub-grant under an agreement to be entered into between the Recipient and the Beneficiary on terms and conditions satisfactory to the World Bank (the "Sub-project Agreement"), which shall include the following:

   (i) the eligible expenditures related to the Sub-project that may be financed out of the proceeds of the associated Sub-grant;

   (ii) the Sub-grant shall be made on a non-reimbursable grant basis; and

   (iii) the Recipient shall obtain rights adequate to protect the Recipient's interests and those of the World Bank, including the right to:

(A) require each Beneficiary to:
(1) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial and environmental and social standards and practices satisfactory to the World Bank, including the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient;

(2) provide, promptly as needed, the resources required for the purpose;

(3) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement and the PIM;

(4) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Sub-project and the achievement of its objectives;

(5) (i) maintain a financial management system and prepare financial statements in accordance with standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (ii) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank;

(6) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents;

(7) prepare and furnish to the Recipient and the World Bank all such information, as the Recipient or the World Bank shall reasonably request relating to the foregoing; and

(8) promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of the Sub-project, or the performance by the Beneficiary of its obligations under the Sub-project Agreement; and

(B) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any amount of the Sub-grant then withdrawn, upon the failure by such Beneficiary to perform any of its obligations under the Sub-project Agreement.

(f) The Recipient shall exercise its rights and carry out its obligations under each Sub-project Agreement in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and, except as the World Bank shall otherwise
agree in writing, the Recipient shall not assign, amend, abrogate or waive any of the Sub-project Agreements, or any provision thereof.

2.04. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) 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 calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) 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 months after the end of such period.

2.05. **Procurement**

(a) **General.** All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the Procurement Guidelines;

(ii) Sections I and IV of the Consultant Guidelines; and

(iii) the provisions of this Section, as the same shall be elaborated in the Procurement Plan.

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.
(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Least Cost Selection; (C) Selection based on Consultants' Qualifications; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) 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.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. 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 following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (Expressed in U.S. $)</th>
<th>Percentage of Expenditures to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants' Services, Operating Costs and Training for the Project, other than for Part 4(ii)</td>
<td>1,700,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-grants under Part 4(ii) of the Project</td>
<td>1,158,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,858,500</td>
<td></td>
</tr>
</tbody>
</table>

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:
(a) for payments made prior to the date of countersignature of this Agreement by the Recipient; or
(b) under Category (2), unless the Recipient has adopted the Sub-grants Manual referred to in Section 2.03(b) of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.

### Article IV

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its national coordinator.

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

GROOTS Kenya  
10320, Beverly Court  
Nairobi 00100  
Republic of Kenya

Facsimile:  
+254 20 386 1284

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

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