Financing Agreement

(Amending and Restating Financing Agreement)
(Kenya Transparency and Communications Infrastructure Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated MAY 19, 2014
FINANCING AGREEMENT

AGREEMENT dated [MN-iC], 2014, entered into between REPUBLIC OF KENYA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

WHEREAS (A) under an agreement dated May 23, 2007, between the Association and the Recipient ("Original Financing Agreement"), the Association agreed to provide the Recipient with a credit ("Original Credit") in an amount equivalent to seventy-six million two hundred ten thousand Special Drawing Rights (SDR 76,210,000) to assist in financing the project described in Schedule I to the Original Financing Agreement ("Original Project");

(B) under an agreement dated May 4, 2012, between the Association and the Recipient ("Additional Financing Agreement"), the Association agreed to provide the Recipient with a credit ("First Additional Credit") in an amount equivalent to thirty-five million six hundred thousand Special Drawing Rights (SDR 35,600,000) to assist in financing the project described in Schedule I to the Additional Financing Agreement ("First Additional Financing Agreement");

(C) the Recipient has requested the Association to provide a second additional financial assistance ("Second Additional Credit") in support of activities related to the Original Project, as amended and restated; and

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

NOW THEREFORE, the Recipient and the Association hereby agree to amend and restate the agreements referred to in Recitals (A) and (B) (collectively "Original Financing Agreements") with effect as of the Effective Date of this Agreement, to read 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 Preamble and 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 one hundred thirty-one million four hundred ten thousand Special Drawing Rights (SDR 131,410,000) (variously referred to as, “Credit” and “Financing”), which consists of: (a) the Original Credit in various currencies equivalent to seventy-six million two hundred ten thousand Special Drawing Rights (SDR 76,210,000); (b) the First Additional Credit in various currencies equivalent to thirty-five million six hundred thousand Special Drawing Rights (SDR 35,600,000); and (c) the Second Additional Credit in various currencies equivalent to nineteen million six hundred thousand Special Drawing Rights (SDR 19,600,000) 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: (a) for the Original Credit and the First Additional Credit are February 15 and August 15 in each year; and (b) for the Second Additional Credit are February 1 and August 1 in each year.

2.06. The principal amount: (a) of the Original Credit shall be repaid in accordance with the repayment schedule set forth in Section I of Schedule 3 to this Agreement; (b) of the First Additional Credit shall be repaid in accordance with the repayment schedule set forth in Section II of Schedule 3 to this Agreement; and (c) of the Second Additional Credit shall be repaid in accordance with the repayment schedule set forth in Section III of Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

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 — EFFECTIVENESS; TERMINATION

4.01. This Agreement (amending and restating Financing Agreement) shall not become effective until, the Recipient has appointed a Financial Management Specialist for the Project, under terms of reference acceptable to the Association.

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

4.03. 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 after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Cabinet Secretary responsible for finance.

5.02. The Recipient’s Address is:

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

Facsimile:

254 20 330426

5.03. The Association’s Address is:

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

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 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**

**NATIONAL TREASURY**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By

[Signature]

Authorized Representative

Name: **Diarie Tou Gaye**

Title: **Country Director**
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) contribute to lower prices for international capacity and extend the geographic reach of broadband networks, and (ii) contribute to improved Government efficiency and transparency through e-government applications.

The Project consists of the following parts:

Part 1: Enabling Environment

Carrying out a program of technical assistance to:

(a) promote liberalization of, and regulatory reforms in, telecommunications infrastructure and development of an open access infrastructure management framework and related services;

(b) enhance the capacity of MoICT, CAK, KENET, ICTA, IFMIS Department and Public Procurement Oversight Authority to implement the Project, including provision of Training required for the purpose;

(c) establish a government information portal through the provision of grants to private sector enterprises and individuals for specific development projects designed to develop local digital content, and content for the said portal;

(d) enhance the Recipient’s open data initiative to avail information to the public by: (i) clarifying the existing policy and legal framework related to open data and access to information; (ii) ensuring consistent supply of diverse and credible data sets; (iii) carrying out public outreach events to engage user communities in creating IT applications for the open data initiative; and (iv) promoting transfer of knowledge on the initiative in the region; and provision of goods, technical assistance and training required for that purpose;

(e) develop disbursement and governance mechanisms to enable the capacity purchase schemes to be provided under Part 2 of the Project; and develop for the Project Implementation Manual the selection, eligibility and operating procedures for Parts 1(c), 2(d) and 2(e) of the Project;

(f) carry out the classification of government data and collection and posting of statutory information; and

(g) increase the capacity of the Recipient to monitor and evaluate the results of the Program, as well as to communicate about the Program and related activities.
Part 2: Connectivity

(a) Acquisition of internet bandwidth for internet connectivity from international suppliers on a competitive basis for targeted users (including universities, technical colleges, hospitals, government agencies, the Business Process Outsourcing industry and beneficiaries of the digital village initiative) under Part 2(d) of the Project, and for the university virtual private network.

(b) Carrying out of a program to enhance the Business Process Outsourcing industry, consisting of: (i) establishing centers of excellence for information technology-enabled services; (ii) developing a certification program for software developers; and (iii) establishing a business incubator program; and provision of goods and technical assistance required for that purpose.

(c) Establishment of a virtual network to address governmental communications needs and provision of goods and technical assistance required for that purpose.

(d) Development and implementation: (i) of a digital villages program and guidelines designed to increase internet connectivity at community level, including the provision to community-level entities and individuals of specific development projects designed to facilitate their access to internet; and (ii) of a voucher program on a grant basis to local communities to purchase laptops and training for that purpose.

(e) Financing specific development projects for entrepreneurs to: (i) develop web based applications for delivery of specific government services; and (ii) to generate SMS/IVR eServices.

Part 3: Transparency

(a) Carrying out of e-Government initiatives in selected government agencies agreed with the Association and development of a public private partnership framework for e-Government service delivery.

(b) Establishment and operation of a government shared services platform and center that will include capacity building and change management programs, and provision of goods and technical assistance required for that purpose.

(c) Upgrading of the Kenya Integrated Financial Management Information System through: (i) supplying and installing of the requisite hardware and software; and (ii) building the capacity of end-users through provision of Training and technical assistance required for that purpose.

(d) Assisting County governments developing ICT roadmaps, supporting and facilitating, through provision of funds, the rollout of selected e-Government applications at the County level in at least three Counties, carrying out capacity
building and change management programs, and provision of goods and technical assistance required for said purpose.

Part 4: Project Management

Management of the Project through the ICT Authority, including carrying out of audits.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Ministry of Information, Communications and Technology

1. The Ministry of Information, Communications and Technology shall provide overall orientation for, and oversight of, Project implementation.

The Project Governance Oversight Committee

2. The Recipient shall maintain, throughout Project implementation, the Project Governance Oversight Committee, with functions and resources satisfactory to the Association.

3. Without limitation upon the provisions of subparagraph (a) of this Section, the Project Governance Oversight Committee shall be responsible for: (i) overall orientation, coordination, and monitoring and evaluation of Project implementation; (ii) review Annual Work Programs and budgets; and (iii) overall governance and fiduciary oversight of the Project.

ICT Authority

4. The Recipient shall maintain, under the Ministry of Information, Communications and Technology, throughout Project implementation, the ICT Authority, with functions and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association.

5. Without limitation upon the provisions of subparagraph (c) of this Section, the ICT Authority shall be responsible for: (i) oversight, in collaboration with the relevant ministries, departments and agencies, of all technical, social, and environmental matters relating to Project implementation; (ii) planning of Project activities and preparation of Project annual work programs, both jointly with the said directorates; (iii) monitoring and evaluation of Project activities jointly with the said directorates; and (iv) financial management, procurement, and audit.

B. Anti-Corruption

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

The Recipient shall make Grants to Beneficiaries under Part 2(d)(ii) of the Project in accordance with eligibility criteria and procedures acceptable to the Association, as the same may be elaborated in the Project Implementation Manual.

D. Project Implementation Manual; Voucher Program

1. To ensure the proper implementation of the Project, the Recipient shall, by no later than May 31, 2014: (a) update the Project Implementation Manual under terms of reference satisfactory to the Association, and furnish said proposed updated manual to the Association; (b) afford the Association a reasonable opportunity to exchange views with the Recipient on said proposed updated manual; (c) adopt such updated Project Implementation Manual as shall have been approved by the Association; and (d) thereafter, carry out the Project, through the Ministry of Information and Communications, in accordance with the Project Implementation Manual.

2. The Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the Project Implementation Manual or any provision thereof, without the prior approval of the Association.

3. In the event of any inconsistency between the Project Implementation Manual and this Agreement, the provisions of this Agreement shall govern.

E. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the Safeguard Frameworks.

2. To that end, the Recipient shall ensure that for any activity that would, pursuant to the Safeguards Framework, require a Safeguards Instrument, said Safeguard Instrument shall be prepared in accordance with the provisions of Section I.F.1(c) of this Schedule.

3. The Recipient shall maintain, throughout Project implementation, an environmental management officer, with terms of reference, qualifications and experience satisfactory to the Association, who shall be responsible for implementation of the Safeguards Frameworks.

4. All advisory, analytical, planning, institutional capacity building, strategizing and such other services carried out under the Project shall be carried out according to terms of reference, satisfactory to the Association, requiring such services to deliver products which take into account, and are consistent with, the Association’s social and environmental safeguard policies.
F. Annual Work Programs

1. The Recipient shall, not later than March in each calendar year, prepare and furnish to the Association, a program of activities proposed for inclusion in the Project during the following calendar year, including: (a) a timetable for the implementation of said activities; (b) a proposed financing plan for such activities; and (c) each Safeguard Instrument required for any such activities pursuant to Section I.E of this Schedule and the measures proposed to be carried out under such Safeguard Instrument.

2. The Recipient shall exchange views with the Association on each such proposed annual work program, and shall thereafter, provide the required financing for, and carry out, such program of activities for such following year as shall have been agreed between the Recipient and the Association ("Annual Work Program").

3. The Recipient shall include in the Project only those activities which are included in an Annual Work Program and have been agreed with the Association.

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 indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. On or about the date eighteen (18) months after the Amendment Effective Date, the Recipient shall undertake in conjunction with the Association a comprehensive midterm review of the Project during which it shall exchange views generally on all matters relating to the progress of the Project, and the performance by the Recipient of its obligations under the Financing Agreement, having regard to the performance indicators referred to in paragraph 1 of this part A.

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
forty-five (45) 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, commencing with the fiscal year in which the first withdrawal was made under the Project. The audited Financial Statements for each such period 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, Works and Non-consulting Services. All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Work and Non-consulting Services. The following table specifies the methods of procurement other than International Competitive Bidding, which may be used for procurement of goods, works and non-consulting services for those contracts specified in the procurement plan.
Procurement Method

(a) National Competitive Bidding, subject to the following additional provisions of paragraph 3 of this Section B.

(b) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association

(c) Direct Contracting

(d) Shopping

(e) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association

(f) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association

3. The following requirements shall apply to National Competitive Bidding:

(i) The tender submission date shall be set so as to allow a period of at least thirty (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 and 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) 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 Association.

(v) Evaluation of tenders 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.

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Least Cost Selection</td>
</tr>
<tr>
<td>(e) Single-Source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Selection of consultants under Indefinite Delivery Contract or Price Agreement</td>
</tr>
<tr>
<td>(g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(h) Sole Source Procedures 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 Original Credit Allocated (Expressed in SDR)</th>
<th>Amount of First Additional Credit Allocated (Expressed in SDR)</th>
<th>Amount of Second Additional Credit Allocated (Expressed in SDR)</th>
<th>Percentage of Expenditure to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and services for Part 2(a) of the Project</td>
<td>16,545,000</td>
<td>_</td>
<td>_</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods (excluding goods for Part 2(a) of the Project)</td>
<td>12,800,000</td>
<td>2,357,000</td>
<td>_</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Services (excluding services for Part 2(a) of the Project, and for Sub-projects)</td>
<td>11,355,000</td>
<td>1,591,000</td>
<td>_</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Works (excluding works for Sub-projects)</td>
<td>180,000</td>
<td>_</td>
<td>_</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works and services under Parts 1(c), 2(d) and 2(e) of the Project</td>
<td>2,515,000</td>
<td>_</td>
<td>_</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Training</td>
<td>1,180,000</td>
<td>20,000</td>
<td>_</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Operating Costs</td>
<td>1,300,000</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(8) Unallocated</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(9) Goods, works, grants Consultants' and non-consulting services, Training and Operating Costs</td>
<td>30,335,000</td>
<td>31,632,000</td>
<td>19,600,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>76,210,000</strong></td>
<td><strong>35,600,000</strong></td>
<td><strong>19,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section:
   (a) no withdrawal shall be made out of the proceeds of the Second Additional Credit for payments made prior to the date of this Agreement; and
   (b) no withdrawal shall be made under Categories (1) through (7), out of the proceeds of the Original Credit and the First Additional Credit after the Effective Date of this Agreement.

2. The Closing Date is December 31, 2016.

Section V. Other Undertakings

1. The Recipient shall:
   (a) no later than one month after the Effective Date, select, in addition to the Nairobi City County, two additional Counties for support under the Project, in accordance with criteria agreed with the Association;
   (b) no later than three months after the Effective Date, enter, through the ICT Authority, into a Service Level Agreement, in form and substance satisfactory to the Association, with the three Counties referred to in (a) above, where the Project will support the development of e-Government applications; and
   (c) no later than three months after the Effective Date, furnish to the Association the specific e-Government applications to be funded through the Project for Counties, other than the Nairobi City County.
## SCHEDULE 3

### I. Repayment Schedule for the Original Credit

<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 August 15 and February 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2017, to and including February 15, 2027</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 15, 2027, to and including February 15, 2047</td>
<td>2%</td>
</tr>
</tbody>
</table>

### II. Repayment Schedule for the First Additional Credit

<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:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2022, to and including February 15, 2032</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 15, 2032, to and including February 15, 2052</td>
<td>2%</td>
</tr>
</tbody>
</table>

### III. Repayment Schedule for the Second Additional Credit

<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 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>commencing August 1, 2024, to and including February 1, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 1, 2034, to and including February 1, 2054</td>
<td>2%</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. "Annual Work Program" means the annual work program prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.


3. "Beneficiary" means any legal entity or individual to which the Recipient has made or proposes to provide financing under Part 2(d)(ii) of the Agreement.

4. "Business Process Outsourcing" means a process of leveraging the capacity of a business entity with the appropriate technology and internet connectivity to carry out services for other industries.

5. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

6. "CAK" means Communications Authority of Kenya, a communications regulator established and operating pursuant to the Communications Authority of Kenya Act of 2013, as the same may be amended from time to time.


10. "Environmental and Social Management Framework" or "ESMF" means the Recipient’s framework entitled Regional Communications Infrastructure Program (RCIP) Phase I of February 2007, and disclosed by the Recipient in Kenya on February 13, 2007.

11. "IFMIS Department" means the Integrated Financial Management Information System responsible for implementing the KIFMIS at the Treasury.

13. “Grant” means a grant made or to be made by the Recipient out of the proceeds of the Financing, to a Beneficiary for a Sub-project, under Part 2(d)(ii) of the Project.

14. “ICT” means information and communications technologies.

15. “ICT Authority” means the Information and Communications Technology Authority, a state corporation established and operating pursuant to the Recipient’s Information and Communications Technology Authority Order, 2013, issued in accordance with the State Corporations Act, Cap 446, dated August 16, 2013, as the same may be amended from time to time.

16. “KENET” means Kenya Education Network Trust, a national research and education network created in 1999 as a membership institution for educational and research institutions.

17. “Kenya Integrated Financial Management Information System” or “KIFMIS” means the Oracle web-based software application used for planning and budgeting, budget execution, funds flow, internal controls, accounting and reporting of public funds in central government and the County Governments.

18. “Ministry of Information, Communications and Technology” or “MoICT” means the Recipient’s ministry responsible for the ICT sector, and its legal successor thereto.

19. “Office of the President” means the Recipient’s office with the overall responsibility for the executive arm of the government.

20. “Operating Costs” means the reasonable costs incurred for equipment and vehicle maintenance, fuel, office utilities, rental space, supplies, field trips, meetings and travel costs related to Project, communication costs, banking services and media advertisement, ICT Authority compensation, and the performance package for the ICT Authority CEO, but excluding the salaries of the Recipient’s civil servants.


22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 31, 2014, 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.

24. "Project Implementation Manual" means the Recipient's manual for the Project entitled Kenya Transparency and Communications Infrastructure Project Implementation Manual, dated August 2007, as the same shall be updated in accordance with Section I.D of Schedule 2 to this Agreement, and with the approval of the Association, and such terms shall include any schedules, tables and annexes to the manual.

25. "Project Governance Oversight Committee" means the board of directors of the ICT Authority, including a representative from the IFMIS steering Committee and of Counties Committee.

26. "Public Procurement Oversight Authority" means a government agency responsible for oversight of public procurement established and operating pursuant to the Recipient’s Public Procurement and Disposal Act, dated 2005, as the same may be amended from time to time.

27. "Resettlement Policy Framework" or "RPF" means the Recipient’s resettlement policy framework entitled Resettlement Policy Framework Regional Communications Infrastructure Program (RCIP), Phase I, developed on February 5, 2007, and disclosed by the Recipient in Kenya on February 13, 2007.

28. "Safeguards Frameworks" means, collectively, the ESMF and RPF.

29. "Safeguards Instrument" means any of the following, as the context may require: (a) an environmental assessment, or environmental management plan, required pursuant to, and to be prepared in accordance with, the ESMF; or (b) a resettlement action plan required pursuant to, and to be prepared in accordance with, the RPF; each such instrument to be approved by the Association as a prerequisite for its adoption by the Recipient.

30. "Service Level Agreement" means the service agreement between the ICT Authority and the Counties, referred to in Section V.1(b) of Schedule 2 to this Agreement, defining the service conditions to be followed between the parties, during the implementation of Part 3(d) of the Project.

31. "SMS/IVR eServices" means services which make use of the mobile networks’ short messaging systems (SMS) capability and/or are based on interactive voice response (IVR).

32. "Sub-project" means the sub-projects to be carried out under Part 2(d)(ii) of the Project.
33. "Telecom Services" means the purchase of telecommunications capacity.

34. "Training" means the reasonable costs of seminars, workshops and study tours required for the Project, including tuition, travel, subsistence allowances for training participants, trainers' fees, rental of training facilities, preparation and reproduction of training materials and other activities incidental to the preparation and implementation of such training activities.

35. "Treasury" means the Recipient's Ministry responsible for finance and formulating financial and economic policies.