Financing Agreement
(Coastal Region Water Security and Climate Resilience Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 13th January, 2015
CREDIT NUMBER 5543-KE

FINANCING AGREEMENT

AGREEMENT dated 13th January, 2015 entered into between REPUBLIC OF KENYA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred thirty-one million eight hundred thousand Special Drawing Rights (SDR 131,800,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are April 15 and October 15 in each year.

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

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out 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. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. 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 (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Cabinet Secretary at the time responsible for Finance.

5.02. The Recipient’s Address is:

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

Facsimile:
254 20 330426; 254 20 218475

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, Republic of Kenya, 13th January, 2015, as of the day and year first above written.

REPUBLIC OF KENYA

By

Authorized Representative

Name: Henry K. Rotich
Title: Cabinet Secretary, National Treasury

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Gandham N. V. Ramana
Title: Acting Country Director for Kenya
SCHEDULE 1

Project Description

The objective of the Project is to sustainably increase bulk water supply to Mombasa County and Kwale County, and increase access to water and sanitation in Kwale County.

The Project consists of the following parts:

Part A: Mwache Dam and Related Infrastructure

1. Civil Works and Related Infrastructure

Provision of goods, works and services for the construction of a dam across the Mwache River at Fulugani Village, including, the main dam, one check dam, raw water transmission lines to the treatment plant, an approach road and bridges to dam site, buildings related to the dam site, acquisition and installation of electromechanical equipment, and implementation of the Environmental and Social Management Plans, the Dam Safety Plans and the RAP.

2. Mwache Catchment Management

Carrying out of a series of activities to promote sustainable land and water management, including, inter alia, improved agricultural practices, practices to reduce erosion and pollution, afforestation, drainage line treatment, water and sediment storage, sand dams and groundwater recharge, degraded area rehabilitation, grazing/stall-feeding improvement, fisheries management, monitoring, and enhancing biodiversity and eco-tourism benefits, and provision of associated institutional, technical and logistical assistance.

Part B: Kwale County Development Support

1. Water Supply Investments

Increasing access to water supply in small towns and rural areas in Kwale County, through the financing of water systems rehabilitation and expansion works to be prepared and selected in accordance with the Investment Framework.

2. Sanitation Investments

Increasing access to improved sanitation facilities in both urban and rural areas, through the financing of specific investments, in accordance with the PIM.
3. **Sustainable Livelihoods Improvement**

   Carrying out of a series of activities aimed at improving sustainable livelihood and sharing Project’s benefit to the rural areas in Kwale County, selected in accordance with the PIM.

4. **Irrigation Demonstration Scheme**

   Carrying out of a demonstration scheme in about 100 hectares of land area in accordance with the PIM, including the construction of a check dam and irrigation drainage infrastructure, and provision of related technical assistance.

**Part C: Project Management**

   Management and coordination of the Project activities, including capacity building in procurement, financial management, safeguards management, and monitoring and evaluation and training in sector reform.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Project Management Unit

1. The Recipient shall:
   (a) vest MEWNR with the overall responsibility of implementing the Project; and
   (b) cause MEWNR to maintain, until the completion of the Project, the PMU with responsibility for: (i) procurement, financial management and reporting, including preparation and reporting on the annual work programs and budgets; and (ii) overseeing the implementation of the Safeguard Instruments.

Project Steering Committee

2. The Recipient shall, no later than one month after the Effective Date, establish and thereafter maintain a Project Steering Committee with adequate resources and terms of reference satisfactory to the Association, for the purpose of: (a) providing high level strategic guidance on Project planning and implementation; (b) facilitating overall coordination of the Project, including dealing with Executing Agencies; and (c) where appropriate, endorsing the Annual Work Plans and Budgets for forwarding to the Association for its subsequent approval.

Annual Work Plan and Budget

3. The Recipient shall:
   (a) prepare and furnish to the Association, no later than March 31\textsuperscript{st} each Financial Year, during the implementation of the Project, a Work Plan and Budget containing all activities, including training, proposed to be included in the Project during the following Calendar Year, and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing therefor;
afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed Work Plan and Budget and shall thereafter ensure that the Project is implemented with due diligence during said following Financial Year in accordance with such Work Plan and Budget as shall have been approved by the Association; and

(c) not make or allow to be made any changes to the approved Annual Work Plan and Budget without prior approval by the Association.

Project Implementation Manual

4. The Recipient shall (a) by no later than March 31, 2015, update the PIM; and (b) thereafter implement the Project in accordance with the PIM; provided that in the event of any inconsistency between the provisions of the PIM and this Agreement, the provisions of this Agreement shall govern.

B. Anti-Corruption

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

C. Sub-projects

1. The Recipient shall make Sub-grants available to the Beneficiaries to carry out specific Sub-projects, under a Sub-grant Agreement and on terms and conditions approved by the Association, which shall include, inter alia, provisions that the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grants then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-grant Agreement; and (ii) require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and
at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

D. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with Safeguard Frameworks and the Safeguard Instruments. To that end, if any Project activities would, pursuant to the relevant Safeguard Framework, require the preparation of a Safeguard Instrument, the Recipient shall ensure that said activities shall not be implemented unless and until said Safeguard Instrument has been: (a) prepared, in accordance with the relevant Safeguard Framework and furnished to the Association for approval; (b) disclosed following approval of the Association; and (c) all measures required to be taken thereunder prior to the commencement of said activities, have been taken. Except as the Association shall otherwise agree in writing, and subject to compliance with the same consultation and information disclosure requirements as applied to the adoption of the aforesaid Safeguard Instruments in the first instance, the Recipient shall not amend or waive any provision of the Safeguard Instruments.

2. The Recipient shall, in its Project Reports, report on progress made on compliance with the Safeguards Instruments under the Project, giving details of measures taken in furtherance of the Safeguard Instruments and any conditions which interfere or threaten to interfere with the timely implementation of the Safeguards Instruments, and remedial measures taken or required to be taken to address such conditions.

3. 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.
E. Dam Safety

1. The Recipient shall:

(a) cause the Dam Safety Panel to carry out its function as set out in its terms of reference;

(b) cause the Dam Safety Panel to meet, inspect, evaluate and review on a biannual basis the safety status of the investigation, design, construction and start of operations of the Dam, including carrying out site visits, provide advance notification to the Association of the meetings of the Dam Safety Panel, permit the Association to send a representative to attend said meetings, and provide to the Association written reports of findings and recommendations for any safety related measures within fifteen (15) days of each biannual review;

(c) cause the Dam Safety Panel to review the Dam Safety Plans as set out in sub-paragraphs 2, 3, 4 and 5 below; and

(d) furnish to the Association all reports received from the Dam Safety Panel and implement the measures recommended by the Dam Safety Panel in respect of the Dam in a timely manner satisfactory to the Association, including those referred to in sub-paragraph (b) above.

2. The Recipient shall (a) implement the Dam Construction Supervision and Quality Assurance Plan; (b) maintain the organizational and other requirements set out in the said Plan in a manner satisfactory to the Association; and (c) carry out supervision of the construction of the Dam in accordance with the provisions of said Plan in order to ensure that the dam-safety-related elements of the design of said Dam are implemented during its construction.

3. The Recipient shall: (a) prepare and provide to the Dam Safety Panel and the Association the Dam Instrumentation Plan and finalize said Plan taking into account the recommendations of said Panel; (b) finalize said Plan prior to completing the design of said Dam and before issuing tenders inviting bids for awarding the contract for the construction of said Dam; and (c) install instruments in accordance with the provisions of said Plan in order to monitor the safety of said Dam.

4. The Recipient shall: (a) no later than June 1, 2020, prepare and provide to the Dam Safety Panel and the Association the Dam Operation and Maintenance Plan; (b) finalize said Plan taking into account the recommendations of said Panel, and not less than six (6) months prior to the projected date of initial filling of the reservoir to be constructed with respect to the Dam; (c) maintain the organizational and other requirements of said Plan in a manner satisfactory to the
Association; and (d) carry out operation and maintenance of said Dam in accordance with the provisions of said Plan.

5. The Recipient shall: (a) no later than December 1, 2019, prepare and provide to the Dam Safety Panel and the Association the Dam Emergency Preparedness Plan; (b) finalize said Plan taking into account the recommendations of said Panel, not later than twelve (12) months prior to the projected date of initial filling of the reservoir to be constructed with respect to the Dam; and (c) maintain the organizational and other requirements of said Plan in a manner satisfactory to the Association.

6. The Recipient shall:

(a) implement the Dam Safety Plans in a manner satisfactory to the Association and in accordance with technical standards and time frame set out in said Plans;

(b) not amend, abrogate, repeal, waive, or fail to enforce any provisions of any Dam Safety Plans without the prior concurrence of the Association;

(c) retain the Dam Safety Panel until the Panel is satisfied, after the filling up of the reservoir related to the Dam, with the start-up of operation of said Dam, and a report relating thereto is provided by the Panel to the Association; and

(d) make arrangements, satisfactory to the Association, for the periodical inspection of the Dam, in accordance with sound engineering practice and technical criteria, by independent qualified professionals in order to determine whether there are any deficiencies in the condition of their structures, or in the quality and adequacy of maintenance or methods of operation of the same, which may endanger their safety; and carry out periodic inspection of the Dam in accordance with said arrangements and implement the recommended measures in a timely manner satisfactory to the Association. Such arrangements for carrying out periodical inspection shall be established in respect of the Dam no later than the projected date of initial filling of the reservoir to be constructed under said Dam.

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 semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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. The Recipient shall prepare and furnish to the Association as part of the Project Report not later than one month after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six 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.** Except as otherwise provided in paragraph 2 below, 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, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>(a) Limited International Bidding</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) National Competitive Bidding, subject to the provisions set forth in paragraph 3 of this Section B</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association</td>
</tr>
<tr>
<td>(e) Direct Contracting</td>
</tr>
<tr>
<td>(f) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association</td>
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<tr>
<td>(g) Community Participation procedures which have been found acceptable to the Association</td>
</tr>
</tbody>
</table>

3. The following additional provisions shall apply to National Competitive Bidding:

   (a) The tender submission date shall be set at least thirty (30) days after the later of (i) the date of advertisement; and (ii) the date of availability of the tender documents.

   (b) 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.

   (c) Bidding documents and tender documents shall contain, *inter alia*, draft contracts and conditions of contracts, including provisions on fraud and
corruption, audit and publication of award and shall be in form and substance satisfactory to the Association.

(d) 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.

(e) Tender evaluation shall be based on quantifiable criteria expressed in monetary terms as defined in the tender documents, and not on a merit points system.

(f) No domestic preference shall be used in the evaluation of tenders. Accordingly, contracts shall be awarded to qualified tenderers who have submitted the lowest evaluated substantially responsive tender.

(g) Notification of contract award shall constitute formation of the contract. No negotiation shall be carried out prior to contract award.

(h) 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:
### Procurement Method

<table>
<thead>
<tr>
<th>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) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on Consultants Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association</td>
</tr>
<tr>
<td>(g) Selection of consultants under Indefinite Delivery Contract or Price Agreement</td>
</tr>
<tr>
<td>(h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(i) Single-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 Association 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 category of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to the Categories, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
Percentage of Amount of the Credit Expenditures to be Allocated Financed (Category (expressed in SDR) (inclusive of Taxes)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services,</td>
<td>108,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training, Sub-grants and Operating Costs for Part A of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services,</td>
<td>16,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training, Sub-grants and Operating Costs for Part B of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Goods, consultants’ services, Training, and Operating Costs for</td>
<td>6,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>Part C of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>131,800,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $1,500,000 equivalent may be made for payments made prior to this date but on or after December 31, 2013, for Eligible Expenditures.

2. The Closing Date is December 31, 2021.

Section V. Other Undertakings

1. The Recipient shall, by no later than December 31, 2015, enter into a WPA with the Mombasa County Government, in form and substance acceptable to the Association, detailing the volumes, pricing and services for the provision of water from Mwache Dam to the Mombasa County.
2. The Recipient shall ensure that the impoundment of the reservoir of the Dam under Part A of the Project shall commence only after the completion of the resettlement of 100% of the Displaced Persons identified in the RAP, in accordance with the provisions of the RAP, and in a manner satisfactory to the Association.
SCHEDULE 3
Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15, commencing April 15, 2021, to and ending October 15, 2052</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

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

Section I. Definitions

1. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient and approved by the Association in accordance with Section I.A.3 of Schedule 2 to this Agreement; and “Annual Work Plans and Budgets” means more than one Annual Work Plan and Budget.


3. “Beneficiary” means any person, or group of persons, selected by the Recipient in accordance with the PIM (as hereinafter defined) to carry out any of the Sub-projects (as hereinafter defined).

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


6. “Dam” means the dam to be built under Part A of the Project.

7. “Dam Construction Supervision and Quality Assurance Plan” means the Recipient’s Plan, dated October 15, 2014, acceptable to the Association, referred to in Section I.E.2 of Schedule 2 to this Agreement, which sets out measures, including organization, staffing levels, procedures, equipment, and supervision qualifications, for supervision and quality assurance of the construction of said Dam, as said Plan may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Plan.

8. “Dam Emergency Preparedness Plan” means the Recipient’s Plan, reviewed by the Dam Safety Panel pursuant to Section I.E.5 of Schedule 2 to this Agreement, and detailing, inter alia, the roles of responsible parties during possible emergency situations when facility failure is considered imminent or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels relating to the Dam and setting out measures, including clear statements on the responsibility for operations decision making and related emergency communications, maps outlining inundation levels for various emergency conditions, flood warning
system characteristics, and procedures for evaluating threatened areas and mobilizing emergency forces and equipment, as said Plan may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Plan.

9. “Dam Instrumentation Plan” means the Recipient’s Plan reviewed by the Dam Safety Panel pursuant to Section I.E.3 of Schedule 2 to this Agreement and setting out measures for the installation of instruments to monitor and record the behavior of and the hydro-meteorological, structural, and seismic factors relating to the Dam as said Plan may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Plan.

10. “Dam Operation and Maintenance Plan” means the Recipient’s Plan, reviewed by the Dam Safety Panel pursuant to Section I.E.4 of Schedule 2 to this Agreement and setting out measures, including organizational structure, staffing, technical expertise, and training required, equipment and facilities needed, procedures, and funding arrangements, including long-term maintenance and safety inspections, for the operation and maintenance of the Dam, as said Plan may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such Plan.

11. “Dam Safety Panel” means the panel appointed by the Recipient on March 17, 2014, consisting of three experts for the purposes, inter alia, of reviewing the safety and operational aspects of the Dam.

12. “Dam Safety Plans” means collectively the following Plans prepared or to be prepared by the Recipient: (i) the Dam Construction Supervision and Quality Assurance Plan; and (ii) the Dam Emergency Preparedness Plan; (iii) the Dam Instrumentation Plan; and (iv) the Dam Operation and Maintenance Plan.

13. “Displaced Person” means a person who, on account of the execution of an activity under the Project, has experienced or would experience direct economic and social impacts caused by the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets, or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location resulting in adverse impacts on the livelihood of such person; and “Displaced Persons” means more than one such person.

14. “Environmental and Social Impact Assessment” or “ESIA” means, with respect to each activity under the Project pursuant to which the ESMF requires an environmental and social impact assessment, such assessment carried out pursuant to Section 1.D of Schedule 2 to this Agreement, in accordance with the ESMF; and “ESIAs” means more than one ESIA.
15. “Environmental and Social Management Framework” or “ESMF” means the Framework dated February 1, 2013, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental and social impact assessments, and environmental and/or social management plans under the Project, and such term includes all schedules and annexes to the ESMF.

16. “Environmental and Social Management Plan” or “ESMP” means, with respect to each activity under the Project pursuant to which the ESMF and the ESIA of said activity shall require the preparation of an environmental and social management plan, such plan, acceptable to the Association, prepared in accordance with the ESMF and ESIA pursuant to the provisions of Section 1.D of Schedule 2 to this Agreement; and “ESMPs” means more than one ESMP.

17. “Executing Agencies” means the Recipient’s Coast Development Authority and the Kwale County Government which will assist MEWNR in the implementation of Parts A and B of the Project.

18. “Financial Year” means the Recipient’s Financial Year starting July 1 and ending June 30.

19. “Fulugani Village” means the village in Kwale County (as hereinafter defined).


21. “Investment Framework” means the Recipient’s Investment Framework, included in the Project Implementation Manual, which provides an analytical tool, satisfactory to the Association, for guiding and improving the preparation and implementation of water sector investments, designed to ensure that transparent selection criteria are used for selection of sub-projects, and that selected sub-projects are prepared according to agreed quality assurance standards, including on technical, economic, financial, environmental, social and institutional aspects.

22. “IPMF” means the Recipient’s Integrated Pest Management Framework dated February 6, 2014, setting forth the framework, principles, modalities and procedures for the use of pesticides in the carrying out of the Project, and such terms include all schedules and annexes to the IPMF.

23. “IPMP” means the Integrated Pest Management Plan to be prepared by the Recipient consistent with the IPMF, and such term includes all schedules and annexes to the IPMF.

24. “Kwale County” means the Recipient’s County of Kwale.


27. "Mombasa County" means the Recipient’s County of Mombasa.

28. "National Treasury" means the Recipient’s National Treasury, or any of its successors.

29. "Operating Costs" means the reasonable incremental expenses incurred by the PMU and the Executing Agencies based on the Annual Work Plan and Budget, and consisting of expenditures for vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, bank charges, advertising expenses, travel and per diem, administrative support staff salaries (excluding the salaries of the Recipient’s civil servants).

30. "Project Implementation Manual" or "PIM" means the Recipient’s Manual dated April 15, 2013, satisfactory to the Association, setting out in detail the rules, procedures, standards and guidelines for the implementation of the Project, including: (a) administrative arrangements; (b) procurement, financial management and disbursement arrangements; (c) the Investment Framework; and (d) such other arrangements as shall be required for the Project to ensure that the Project is carried out in accordance with said Project Implementation Manual, as the same may be amended from time to time with the prior written agreement of the Association, and such term shall include any schedules, tables and annexes to the Project Implementation Manual.


32. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated October 14, 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.

33. "PMU" means the Project Management Unit within MEWNR, referred to in Section I.A.1(b) of Schedule 2 to this Agreement, and established by the Recipient on April 2, 2013, under the KWSRCP.
34. “Project Steering Committee” means the committee maintained by the Recipient pursuant to Section I.A.2 of Schedule 2 to this Agreement.

35. “Resettlement Action Plan” or “RAP” means the Recipient’s document entitled “Resettlement Action Plan”, dated September 2014, prepared and disclosed in accordance with the Resettlement Policy Framework (as hereinafter defined) which, inter alia: (i) provides for a socio economic baseline and census survey of Displaced Persons and valuation of their assets; (ii) describes entitlements to compensation and other resettlement assistance to be provided to Displaced Persons, consultation to be conducted with Displaced Persons about acceptable alternatives, institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation; and (iii) sets out a timetable and budget for the implementation of such measures.

36. “Resettlement Policy Framework” or “RPF” means the Recipient’s resettlement policy framework for the Project, dated February 13, 2013, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons as said framework may be amended from time to time with the prior approval of the Association.

37. “Safeguard Frameworks” means, collectively, the ESMF, IPMF, VMGF, and RPF; and “Safeguard Framework” means any one of the Safeguard Frameworks.

38. “Safeguard Instrument” means, in respect of a given Project activity: (a) for which the ESMF requires an ESIA, said ESIA; (b) for which the ESIA requires an ESMP, said ESMP; (c) for which the RPF requires a RAP, said RAP; (d) for which a VMGF requires a VMGP, said VMGP; and (e) the IPMP; all as shall have been prepared in accordance with the provisions of Section 1.D of Schedule 2 to this Agreement.

39. “Sub-project” means any of the activities under Parts A.2 and B of the Project, to be carried out by the Beneficiaries, in accordance with the PIM.

40. “Sub-grants” means the funds provided by the Recipient to selected Beneficiaries for the purpose of carrying out specific Sub-projects.

41. “Sub-grant Agreement” means the agreement between the Recipient and the Beneficiary referred to in Section I.C Schedule 2 to this Agreement.

42. “Training” means the reasonable costs of seminars, workshops and study tours required for the Project, agreed with the Association, 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.
“Vulnerable and Marginalized Groups” or “VMGs” means distinct, vulnerable, social and cultural groups that may be identified pursuant to the requirements of the VMGF for the purpose of this Project.

“Vulnerable and Marginalized Groups Framework” or “VMGF” means the framework entitled “Vulnerable and Marginalized Groups Framework” dated February 13, 2013, providing guidelines and procedures for identification of VMGPs, and preparation, adoption and implementation of a plan or plans for consultation with, and informed participation of, VMGs affected by the Project, as said framework may be amended from time to time with the prior written approval of the Association.

“Vulnerable and Marginalized Groups Plan” or “VMGP” means the plan dated September 2014, 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.

“WPA” means the Water Purchase Agreement referred to in Section V.1 of Schedule 2 to this Agreement, to be entered between the Recipient’s central government and the County Government of Mombasa, detailing the volumes, pricing and services for the provision of water from Mwache Dam to the Mombasa.