Korea-World Bank Group partnership Facility Single-donor Trust Funds

Grant Agreement
(Kenya Water Security and Climate Resilience Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Korea-World Bank Group Partnership Facility Single-Donor Trust Funds

Dated 07 SEPT, 2015
GRANT NUMBER TF0A0761

Korea-World Bank Group partnership Facility Single-donor Trust Funds

GRANT AGREEMENT


The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to three million five hundred thousand United States Dollars ($3,500,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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.

Article IV
Recipient’s Representative; Addresses

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Cabinet Secretary at the time responsible for Finance.

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

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

Facsimile:
254 20 330426; 254 20 218475

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

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

Cable: Telex: Facsimile:
INTBAFRAD 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
AGREED at Nairobi, Kenya, as of the day and year first above written.

REPUBLIC OF KENYA

By

Authorized Representative

Name: Henry Rotich
Title: CABINET SECRETARY, THE NATIONAL TREASURY

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Korea-World Bank Group Partnership Facility Single-Donor Trust Funds

By

Authorized Representative

Name: Diarie Tou Graye
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) increase availability and productivity of irrigation water for project beneficiaries; and (ii) enhance the institutional framework and strengthen capacity for water security and climate resilience in certain areas of the Recipient’s territory.

The Project consists of the following parts:

(a) Improvement of the existing flood early warning system for the Lower Nzoia River to include: (i) a combination of information technology and river water management technology; (ii) real-time monitoring of hydraulic data; (iii) installation of hydraulic measuring devices; and (iv) establishment of a customized control system with monitoring system.

(b) Technology transfer; international knowledge sharing as well as other community preparedness activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Ministry of Environment, Water and Natural Resources

1. The Ministry of Environment, Water and Natural Resources (MEWNR) shall be responsible for the overall coordination and implementation of the Project.

Project Management Unit

2. The Recipient shall (a) maintain throughout the implementation of the Project, a Project Management Unit ("PMU") comprising a project manager, technical manager, senior procurement officer, financial management officer, and other staff as needed with concurrence of the World Bank with qualifications and skills satisfactory to the World Bank; and (b) ensure that the PMU has adequate resources to promote effective implementation of the Project.

3. Without limitation to the provisions of paragraph 2 above, the PMU shall be responsible for coordinating the implementation of the Project, procurement and financial management, and reporting and oversight of implementation of the environmental and social safeguard instruments under the Project.

B. Annual Work Plan and Budget

1. The Recipient shall prepare and furnish to the World Bank not later than March 31st of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year, and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing therefor.

2. Each such proposed work plan and budget shall specify any Training activities that may be required under the Project.

3. The Recipient shall afford the World Bank 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 Fiscal Year in accordance with such work plan and budget as shall have been approved by the World Bank ("Annual Work Plan and Budget").
4. The Recipient shall not make or allow to be made any changes to the approved Annual Work Plan and Budget without prior approval in writing by the World Bank.

C. Project Implementation Manual

The Recipient shall 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.

D. 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 World Bank for approval; (b) disclosed following approval of the World Bank; and, in the case of an ESMP, RAP, IPMP or VMGP; and (c) all measures required to be taken thereunder prior to the commencement of said activities, have been taken. Except as the World Bank shall otherwise agree in writing, and subject to compliance with the same consultation and information disclosure requirements as applied to the adoption of the aforesaid 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 World Bank, requiring such services to deliver products which take into account, and are consistent with, the World Bank’s social and environmental safeguard policies.

E. Project Implementation Manual

1. The Recipient shall implement the Project in compliance with a Project Implementation Manual (PIM) in form and substance satisfactory to the World Bank 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 initial 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 PIM.

2. In the event of any inconsistency between the provisions of the PIM and this Agreement the provisions of this Agreement shall govern.

F. Anti-Corruption

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

G. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days
after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each 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.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods 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:


(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in 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

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan:

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

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>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.</td>
</tr>
<tr>
<td>(b)</td>
<td>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.</td>
</tr>
<tr>
<td>(c)</td>
<td>Bidding documents and tender documents shall contain, <em>inter alia</em>, 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 World Bank.</td>
</tr>
<tr>
<td>(d)</td>
<td>Extension of tender validity shall be allowed once only, and for not more than thirty (30) days, unless otherwise previously agreed in writing by the World Bank.</td>
</tr>
<tr>
<td>(e)</td>
<td>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.</td>
</tr>
</tbody>
</table>
(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 assignments 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) 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 World Bank</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 World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects”, dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods (excluding vehicle), consultants’ services, Training and Operating Costs under the Project</td>
<td>3,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,500,000</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.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2020.
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 World Bank in accordance with Section 1.B of Schedule 2 to this Agreement; and “Annual Work Plans and Budgets” means more than one Annual Work Plan and Budget.


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

4. “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.

5. “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.

6. “Environmental and Social Management Framework” or “ESMF” means, collectively: (i) the Recipient’s framework for the Project entitled “Environmental and Safeguard Management Framework”, dated February 13, 2013; and (ii) the Recipient’s document entitled “Environmental Impact Assessment for Phase 1 of the Lower Nzoia Irrigation Scheme Investment”, dated February 13, 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.

7. “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 World Bank, prepared in accordance with the ESMF and ESIA pursuant
to the provisions of Section I.D of Schedule 2 to this Agreement; and “ESMPs” means more than one ESMP.

8. “Integrated Pest Management Framework” or “IPMF” means the Recipient’s framework for the Project, dated February 13, 2013, prepared as part of the ESMF for the purpose of selecting, implementing and evaluating pest management practices.

9. “Integrated Pest Management Plan” or “IPMP” means, with respect to each activity under the Project pursuant to which the IPMF requires the preparation of an integrated pest management plan, such plan, acceptable to the World Bank, prepared in accordance with the IPMF pursuant to the provisions of Section I.D of Schedule 2 to this Agreement; and “IPMPs” means more than one IPMP.

10. “Investment Framework” means an analytical tool, satisfactory to the World Bank, for guiding and improving the preparation and implementation of water sector investments.

11. “Ministry of Agriculture, Livestock and Fisheries” means the Recipient’s Ministry responsible for agriculture, livestock and fisheries or its legal successor thereto.

12. “Ministry of Environment, Water, and Natural Resources” or “MEWNR” means the Recipient’s ministry responsible for water, environment and natural resources or its legal successor thereto.

13. “Operating Costs” means the reasonable incremental expenses arising under the Project on account of Project implementation, 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).

14. “Project Implementation Manual” or “PIM” means the manual dated April 15, 2013, prepared by the Recipient and approved by the World Bank, in accordance with Section I.E of Schedule 2 to this Agreement, covering the detailed and comprehensive Project implementation modalities, as the same may be amended from time to time with the prior written agreement of the World Bank, and such term shall include any schedules, tables and annexes to the PIM.

15. “Project Management Unit” or “PMU” means the unit to be established by the Recipient within MEWNR referred to in Section I.A.2 of Schedule 2 to this Agreement.

(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.

17. “Resettlement Policy Framework” or “RPF” means the Recipient’s resettlement policy framework for the Project, dated February 18, 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 World Bank.

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

19. “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 EMP, said EMP; and (c) for which the RPF requires a RAP, said RAP; (d) for which a VMGF requires a VMGP, said VMGP; and (e) for which the IPMF requires an IPMP, said IPMP; all as shall have been prepared in accordance with the provisions of Section 1.D of Schedule 2 to this Agreement.

20. “Social Accountability Mechanisms” means the measures, set forth in the Project Implementation Manual, to be taken by the Recipient for periodic disclosure of information related to the Project, and this term includes information on budget allocation, allocation of funds, Project operational results, Project implementation progress, audit findings; reports on corruption and fraud; and mechanisms for public complaints and feedback.

21. “Training” means the reasonable costs of seminars, workshops and study tours required for the Project, agreed with the World Bank, 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.

22. “The National Treasury” or “TNT” means the Recipient’s ministry responsible for finance.

23. “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.

24. “Vulnerable and Marginalized Groups Framework” or “VMGF” means the instrument 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 World Bank.

25. "Vulnerable and Marginalized Groups Plan" or "VMGP" means the plan which set 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 avoided, minimized, mitigated or compensated for.

26. "Water Resources Management Authority" or "WRMA" means a state corporation established and operating pursuant to the Water Act, 2002 for the purpose of regulating water resources management, or its legal successor thereto.

27. "Water Sector Transition Plan" means the transition plan prepared by the Ministry of Water and Irrigation as the guide for implementing transition of functions and mandates in current and new water sector.