Project Agreement
(Off-Grid Solar Access Project for Underserved Counties)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

KENYA POWER AND LIGHTING COMPANY LIMITED

Dated September 5, 2017
CREDIT NUMBER 6135-KE

PROJECT AGREEMENT

AGREEMENT dated SEPTEMBER 5, 2017, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and KENYA POWER AND LIGHTING COMPANY LIMITED (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the Republic of Kenya (“Recipient”) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out Parts I and 3(a) of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the Managing Director and Chief Executive Officer.

4.02. The Association’s Address is:

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

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

Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Stima Plaza
Kolobot Road
Parklands
P. O. Box 30099
Nairobi 00100
Kenya

Telephone:
254-020-3201000
AGREED at Nairobi, Republic of Kenya, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: DIARIETOU CAYE
Title: COUNTRY DIRECTOR

KENYA POWER AND LIGHTING COMPANY LIMITED

By

[Signature]
Authorized Representative

Name: [Handwritten name]
Title: Managing Director & Chief Executive
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. To ensure proper and efficient implementation of the Project Implementing Entity’s Respective Part of the Project, the Project Implementing Entity shall establish, by not later than three (3) months after the Effective Date, and thereafter maintain throughout the Project implementation period, a Project implementation unit, thereafter maintain throughout the Project implementation period, a Project implementation unit, with adequate financial resources and staff in adequate numbers, including fiduciary and technical staff, all with terms of reference, qualifications and experience satisfactory to the Association.

2. The Project implementation unit shall be responsible for implementing the Project Implementing Entity’s Respective Parts of the Project including undertaking all procurement, contract management, financial management of Project funds, preparation of progress reports, updating of Project costs, preparation of procurement and financing plans.

B. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the 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 Project Implementing Entity 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 Project 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 Project Implementing Entity shall not amend or waive any provision of the Safeguard Instruments.
2. The Project Implementing Entity shall, in its Project Monitoring Reports, report on progress made on compliance with the Safeguards Frameworks and Safeguards Instruments under its Respective Part of the Project, giving details of measures taken in furtherance of the Safeguards Frameworks and Safeguard Instruments and any conditions which interfere or threaten to interfere with the timely implementation of the Safeguards Frameworks and Safeguards Instruments, and remedial measures taken or required to be taken to address such conditions.

3. The Project Implementing Entity shall ensure that all advisory, analytical, planning, institutional capacity building, strategizing and such other services carried out under its Respective Part of 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Implementation Manual. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than thirty (30) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall 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 and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after
the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. **Procurement**

All goods, works and services required for the Project Implementing Entity’s Respective Part of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.