Kenya Social and Economic Inclusion Project Multi-Donor Trust Fund
Grant Agreement
(Kenya Social and Economic Inclusion Project)

between

REPUBLIC OF KENYA

And

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of Kenya Social and Economic Inclusion Project Multi-Donor Trust Fund)
KENYA SOCIAL AND ECONOMIC INCLUSION PROJECT MULTI-DONOR
TRUST FUND GRANT AGREEMENT

AGREEMENT dated 21 JANUARY, 2019, entered into between:

The REPUBLIC OF KENYA (the "Recipient"); and

the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and
the INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively the "World Bank"), acting as administrator of the Kenya Social and Economic Inclusion Project Multi-Donor Trust Fund.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The "Standard Conditions for Grants Made by the World Bank Out of Various Funds", dated February 15, 2012 (the "Standard Conditions"), 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 Standard Conditions or in the Financing Agreement 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 (the "Project"). To this end, the Recipient shall carry out Part 1 and 2 of the Project through the State Department of Social Protection ("SDSP") and cause Part 3 of the Project to be carried out by the National Drought Management Authority ("NDMA") 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 not to exceed seventy million three hundred and forty-eight thousand eight hundred and ten United States Dollars (US$ 70,348,810) ("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(s) 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(s) 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
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

(a) The NDMA Law pursuant to which NDMA has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the NDMA to perform any of its obligations.

Article V
Effectiveness; Termination

5.01. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s Cabinet Secretary responsible for National Treasury.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:
The National Treasury and Planning
Treasury Building
P.O Box 30007-00100
Nairobi, Kenya

Facsimile: 254 20 330426; 254 20 218475

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

World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 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
AND
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as administrator of Kenya Social and Economic Inclusion Project Multi-Donor Trust Fund)

By

[Signature]

Authorized Representative

Name: FELIPE JARAMILLO

Title: COUNTRY DIRECTOR
SCHEDULE 1
Project Description

The objective of the Project is to strengthen delivery systems for enhanced access to social and economic inclusion services and shock-responsive safety nets for poor and vulnerable households.

The Project consists of the parts described in Schedule 1 of the Financing Agreement.
Section I. Institutional and Other Arrangements

A. Institutional and Other Arrangements

Section I (Implementation Arrangements, excluding para. B.1) and Section II (Project Monitoring, Reporting and Evaluation) of Schedule 2 to the Financing Agreement are hereby incorporated by reference and shall apply mutatis mutandis to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, provided that for the purposes of this Agreement: (1) the references to the “Financing” in said Sections shall be construed as references to the Grant provided for under this Agreement; and, (2) the references to the “Association” in said Sections shall be construed as references to the World Bank.

B. 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 and as of July 1, 2016 (“Anti-Corruption Guidelines”).

Section II. Financial Reporting and Audits

A. 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 semester, covering the semester, 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 such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
Section III. Procurement

All goods, non-consulting services and consulting 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 the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated October 26, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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>(1) Goods, non-consulting services, and consulting services, Training and Incremental Operating Costs under Part 2(b) of the Project</td>
<td>13,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Eligible Expenditure Programs</td>
<td>100% of each DLI Amount set out in Schedule 3 (or such lesser percentage as represents the total Eligible Expenditures</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>--------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>under Part 1 of the Project</td>
<td>1,000,000</td>
<td>incurred by the Recipient under the Eligible Expenditure Program as of the date of withdrawal.</td>
</tr>
<tr>
<td>(3) Eligible Expenditure Programs under Part 3 of the Project</td>
<td>47,248,810</td>
<td>100% of each DLI Amount set out in Schedule 3 (or such lesser percentage as represents the total Eligible Expenditures incurred by the Recipient under the Eligible Expenditure Program as of the date of withdrawal).</td>
</tr>
<tr>
<td>(4) Goods, non-consulting services, consulting services, Training and Incremental Operating Costs for Part 3 of the Project</td>
<td>9,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>70,348,810</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. Para. B.1 (b) and (c), and para. B.2, B.3 and B.4 of Section III (Withdrawal Conditions; Withdrawal Period) of Schedule 2 to the Financing Agreement are hereby incorporated by reference and shall apply *mutatis mutandis* to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, provided that for the purposes of this Agreement: (a) the references to the “Financing” in said Sections shall be construed as references to the Grant provided for under this Agreement; (b) the references to the “Association” in said Sections shall be construed as references to the World Bank; and (c) references to “Schedule 4” in said Sections shall be construed as references to Schedule 3 of this Agreement.

3. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2023.
Section V. **Other Undertakings**

A. No new bank accounts shall be opened for the grant. The grant financing shall be disbursed through the same accounts opened for the IDA Credit No. 6348-KE.
**SCHEDULE 3**

**Disbursement Linked Indicators Matrix**

<table>
<thead>
<tr>
<th>DLI 1: Scope, coverage, and functionality of Single Registry enhanced</th>
<th>Year 1 (FY19/20)</th>
<th>Year 2 (FY20/21)</th>
<th>Year 3 (FY21/22)</th>
<th>Year 4 (FY22/23)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1b (i) - Re-registration exercise in the four original HSNP Counties completed and beneficiary list updated accordingly (US$500,000)</td>
<td></td>
<td>1b (ii) - Registration of households in the four expansion HSNP Counties complete (US$500,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLI 5: Increased coverage and government financing of HSNP</strong></td>
<td>5b - 100% of existing HSNP households in the original four Counties financed by the Government by July 2019 (US$9,600,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLI 6: HSNP scalability and financing arrangements enhanced</strong></td>
<td>6a (ii) Emergency payments made in FY18/19 for 100% of the total number of households triggered in 4 Counties where HSNP is functional (US$6,900,000)</td>
<td>6a (iv) Emergency payments made in FY20/21 for 100% of the total number of households triggered in 4 Counties where HSNP is functional and financing plan for FY21/22 updated (US$11,009,000)</td>
<td>6a (v) Emergency payments made in FY21/22 for 100% of the total number of households triggered in 6 Counties where HSNP is functional and financing plan for FY22/23 updated (US$2,300,000)</td>
<td>6a (vi) Emergency payments made in FY22/23 for 100% of the total number of households triggered in 8 Counties where HSNP is functional and financing plan for FY23/24 updated and financed (US$5,948,810)</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

"Financing Agreement" means the financing agreement between the Recipient and the International Development Association dated January 31, 2019 providing for the financing of the Project including its appendices and schedules, as such agreement may be amended from time to time.