Agreement Providing for the Amendment and Restatement of the Financing Agreement

(Kenya Municipal Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 20, 2010

as amended and restated on MARCH 31, 2015
FINANCING AGREEMENT

AGREEMENT dated May 20, 2010, as amended and restated on
March 31, 2015, entered into between REPUBLIC OF KENYA
("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION
("Association").

Whereas (A) under an agreement, dated May 20, 2010, between the
Recipient and the World Bank ("Original Financing Agreement") in an amount of
sixty five million three hundred thousand Special Drawing Rights
(SDR65,300,000) to assist in financing the project described in Schedule 1 to the
Original Financing Agreement ("Original Project");

(B) the Recipient has requested the World Bank for some specific
amendments to the Original Project;

(C) the Recipient has also requested the World Bank, acting as
administrator of the Sida Cofinancing Kenya Municipal Project Trust Fund, to
assist in the financing part of the Project.

NOW THERFORE the Recipient and the World Bank hereby agree to
amend and restate the Original Financing Agreement, 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 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 sixty five million three hundred thousand Special Drawing Rights (SDR 65,300,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”). The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.02. 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.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.04. The Payment Dates are May 15 and November 15 in each year.

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

2.06. The Payment Currency is Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Original Project. To this end, the Recipient shall carry out the Original 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 Original 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 years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

The Recipient’s Representative is the Deputy Prime Minister and Minister for Finance.

5.02. The Recipient’s Address is:
National Treasury
Treasury Building
P.O. Box 30007-00100
Nairobi, Kenya

Cable: Financenairobi
Telex: 22922 minfin-ke
Facsimile: 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: INDEVAS Washington, D.C.
Telex: 248423 (MCI) 1-202-477-6391
Facsimile:
AGREED at Nairobi, Kenya, as of the day and year first above written.

REPUBLIC OF KENYA

By

[Signature]

Authorized Representative
Name: HENRY ROTTICH
Title: CABINET SECRETARY

NATIONAL TREASURY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative
Name: Diarietou Craye
Title: Country Director for Kenya
SCHEDULE 1

Project Description

The objective of the Project is to improve planning and delivery of infrastructure services in urban areas in Selected Counties.

The Project constitutes the first phase of the Program, and consists of the following parts:

Part A. Institutional Strengthening

1. Carrying out a program of activities to strengthen the Recipient’s decentralization capacity at the national level, including: (a) developing national policies related to decentralization and establishing the frameworks for clarifying the roles and responsibilities of urban administrations; and, (b) strengthening of management systems of urban areas and of Selected Counties, all through provision of advisory services, technical assistance and training.

2. Carrying out a program of activities to strengthen the Recipient’s capacity to build an accountable county government systems including: (a) reviewing the urban areas’ administrative units and supporting their establishment; (b) conducting capacity needs assessments and preparing and implementing training and capacity building plans; (c) developing asset inventories and improved systems for asset management and operations; and (d) strengthening counties’ management systems.

Part B. Participatory Strategic Urban Development Planning

1. Preparing in consultation with stakeholders, Strategic Urban Development Plans which include Physical Structure Plans and Capital Investment Plans.

2. Carrying out consultations with communities and other relevant stakeholders in the PCs on planning, investment priorities and other program related activities.

3. Establishing and strengthening the PCs’ planning offices through provision of technical assistance, basic equipment, software and training.
Part C. Investments in Infrastructure and Service Delivery

Implementing a program of agreed critical urban infrastructure, including solid waste management, motorized and non-motorized transport facilities, street lighting, public parks and green spaces, bus parks, markets, storm water drainage and disaster management facilities, all through implementation of works and provision of technical assistance and needed equipment.

Part D. Project Management, Monitoring and Evaluation

Carrying out Project implementation activities including: (a) establishing and operating a monitoring and evaluation system; and (b) carrying out preparatory activities for a follow-up project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Project Coordination and Implementation

1. *Ministry of Lands, Housing, and Urban Development.* The Ministry of Lands, Housing, and Urban Development (MLHUD) shall be responsible for the implementation of the Project and providing overall policy guidance to the Project.

*Quarterly Meetings*

2. The Recipient shall ensure that a meeting chaired by the Cabinet Secretary or the Principal Secretary in the MLHUD be held every quarter to coordinate and oversee Project implementation.

*National Program Coordinator*

3. The Recipient shall maintain throughout Project implementation the National Program Coordinator with qualifications, resources and terms of reference satisfactory to the Association.

4. Without limitation upon the provisions of paragraph 3 of this Section, the National Program Coordinator shall be responsible for the coordination of the Project.

*National Program Coordination Team*

5. The Recipient shall maintain throughout Project implementation, the National Program Coordination Team comprising four Component Heads and such technical specialists as may be agreed with the Association, including a financial management specialist, procurement specialist, environmental and social safeguards specialists, monitoring and evaluation specialist and a team assistant all with qualifications, resources and terms of reference satisfactory to the Association.

6. Without limitation upon the provisions of paragraph 5 of this Section, the National Program Coordination Team in collaboration with the National
Project Coordinator shall be responsible for the overall administration and coordination of the Project at the national level.

County Project Coordinator

7. The Recipient shall ensure that each Participating County recruits or assigns and maintains throughout Project implementation a County Project Coordinator with qualifications and experience satisfactory to the Association.

8. Without limitation upon the provisions of paragraph 7 of this Section, each respective County Project Coordinator shall be responsible for the overall Project coordination at the county level.

County Project Coordination Team

9. The Recipient shall ensure that each PC establishes and maintains throughout Project implementation a County Project Coordination Team comprising staff with qualifications, resources and terms of reference satisfactory to the Association.

10. Without limitation upon the provisions of paragraph 9 of this Section, each respective County Project Coordination Team shall be responsible for the overall Project coordination at the county level.

KMP Operations Manual

11. The Recipient shall: (a) no later than October 15, 2010 or any other date agreed with the Association submit a KMP Operations Manual satisfactory to the Association, and (b) throughout Project implementation, implement the Project in accordance with the KMP Operations Manual and except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the KMP Operations Manual if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

County Projects

12. The Recipient shall, through the MLHUD implement County Projects.
13. In cases where financing to implement County Projects are being provided to PCs: (a) such PCs must meet the eligibility criteria set forth in the KMP Operations Manual; and (b) the Recipient shall provide financing to the PCs under County Agreements consistent with a Model County Agreement to be prepared by the Recipient not later than June 3, 2015 or any other date agreed with the Association.

14. The Model County Agreement shall stipulate terms and conditions acceptable to the Association, which shall, *inter alia*, include the following:

(a) opening and maintaining throughout the implementation of the Project, a County Project Account in a commercial bank satisfactory to the Association.

(b) provision of financing for the County Projects on a grant basis.

(c) rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the PC to use the proceeds of the financing of all or any part of the amount of financing then withdrawn, upon the PC’s failure to perform any of its obligations under the applicable County Agreement; and (ii) require each PC to: (A) carry out the County Project with due diligence and efficiency and environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines, (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the financing in accordance with the provisions of the KMP Operations Manual; (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 Municipal 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 County Project; and (2) 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 County 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.

15. The Recipient shall exercise its rights under each County 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 County Agreement or any of its provisions.

C. Anti-Corruption

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

D. Safeguards

17. The Recipient shall:

(a) implement the Environmental and Social Management Framework (ESMF) in a manner satisfactory to the Association designed to ensure that the Project is implemented in accordance with sound environmental practices and standards;

(b) as may be necessary in accordance with the requirements set forth in said ESMF and in a manner satisfactory to the Association, carry out, environmental and social assessments and prepare and implement management plans acceptable to the Association;

(c) provide to the Association for its prior approval any revision proposed to be introduced into said ESMF or into any environmental management plan prepared pursuant to said ESMF in order to achieve its objectives, and thereafter only introduce such revision into said ESMF or said plan as shall have been agreed with the Association and subject to the requirements for public consultation and disclosure carried out in preparing the original documents; and
(d) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of said ESMF and environmental management plans, and the achievement of their respective objectives.

18. The Recipient shall:

(a) implement the Resettlement Policy Framework (RPF) in a manner satisfactory to the Association;

(b) wherever implementation of the Project or any part thereof, would give rise to Displaced Persons, prior to commencing such implementation, provide to the Association for its review a resettlement action plan prepared in accordance with the principles and procedures set forth in said RPF and, thereafter, implement and cause to be implemented, in a manner satisfactory to the Association, such resettlement action plan as shall have been approved by the Association;

(c) provide to the Association for its prior approval any revision proposed to be introduced into said RPF or into any resettlement plan prepared pursuant to said RPF in order to achieve its objectives, and thereafter only introduce such revision into said RPF or said plan as shall have been agreed with the Association and subject to the requirements for public consultation and disclosure carried out in preparing the original documents; and

(d) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of said RPF and any resettlement plan prepared pursuant thereto, and the achievement of their respective objectives.

19. Except as the Association shall otherwise agree in writing and subject to the requirements for public consultation and disclosure carried out in preparing the original documents, the Recipient shall not amend or waive any provision of the ESMF, RPF, resettlement action plans and environmental management plans, if any such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.
E. Disclosure of information and Social Accountability

20. The Recipient shall throughout the implementation of the Project, ensure that there are adequate Social Accountability mechanisms to ensure that PCs and stakeholders participate in the monitoring and use of Project resources.

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 the indicators agreed with the Association and set forth in the KMP Operations Manual. Each Project Report shall cover the period of ninety (90) days 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. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

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 Preparation Advance for the Project. The audited Financial Statements and a Management Letter for such period
shall be furnished to the Association not later than six months (6) after the end of such period.

4. The Recipient shall ensure that the scope of the annual audit of the Financial Statements includes a Procurement Audit.

Section III. Procurement

A. General

1. Goods and Works. All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:
Other Methods of Procurement of Goods and Works

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding, subject to the following additional provisions.</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
</tbody>
</table>

(*) National Competitive Bidding shall be undertaken in accordance with the Recipient’s Public Procurement and Disposal Act, 2005 (no. 3 of 2005) (herein referred to as the “PPDA”), and its Public Procurement Disposal Regulations, 2006 (herein referred to as the “Regulations”), as may be amended from time to time, subject, however, to the following qualifications:

(i) the tender submission date shall be set so as to allow a period of at least 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, 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 tender 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.

(ix) Shopping procedure will apply for each low value contracts in lieu of Direct Procurement, except as otherwise previously agreed in writing by the Association.

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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<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</td>
</tr>
</tbody>
</table>
Procurement Method

(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines for the Selection of Individual Consultants

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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, Consultants’ services and Training</td>
<td>64,000,000</td>
<td>75%</td>
</tr>
<tr>
<td>(2) Operating Costs</td>
<td>1,300,000</td>
<td>75%</td>
</tr>
<tr>
<td>Total</td>
<td>65,300,000</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 is May 31, 2017.
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 May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing May 15, 2020 to and including November 15, 2029</td>
<td>1%</td>
</tr>
<tr>
<td>commencing May 15, 2030 to and including November 15, 2049</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


2. “Capital Investment Plan” means an infrastructure investment plan developed by the PCs for Participating Urban Centers through a participatory process outlining the priority investments in urban infrastructure, including a realistic budget.

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

4. “Component Heads” means the lead technical specialists in the National Coordination Team (as hereinafter defined) and the County Coordination Team (as hereinafter defined) selected by the Recipient to lead implementation of a specified Part of the Project.


6. “Displaced Person” means a person who, on account of the execution of the Project, had or would have her: (i) standard of living adversely affected; or ii) right, title, or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

7. “Environmental and Social Management Framework” or “ESMF” means the framework dated March 9, 2010, in form and substance satisfactory to the Association, prepared and adopted by the Recipient pursuant to Section 1.D (17) (i) of Schedule 2 to this Agreement, describing the environmental mitigation, monitoring, and institutional measures to be applied in the implementation of the Project including the procedures for
preparing the environmental management plans, including appropriate measures for avoiding or mitigating impacts on physical cultural resources and the resettlement action plans, as the same may be amended from time to time with the prior written approval of the Association.


9. “Kenya Municipal Program Operations Manual” or “KMP Operations Manual” means the manual prepared by the Recipient setting forth the rules, procedures, standards and guidelines for the implementation of the Project and Program and referred to in Section I.A (11) of Schedule 2 to this Agreement, as the same may be amended and supplemented from time to time with the prior written agreement of the Association.


11. “Management Letter” means a letter issued by the external auditors as part of the annual audit report setting forth internal control weaknesses identified during the audit period and referred to in Section II.B (3) of Schedule 2 to this Agreement.

12. “Model County Agreement” means an agreement prepared by the Recipient satisfactory to the Association setting out the standard terms and conditions in the County Agreements (as hereinafter defined) to be entered into between the MLHUD and the PCs (as hereinafter defined) and referred to in Section 1.A (14) of Schedule 2 to this Agreement.

13. “County Agreement” means an agreement entered into between the Recipient and the eligible PC for purposes of implementing the County Project (as hereinafter defined) and referred to in Section 1.A (13) of Schedule 2 to this Agreement.

14. “County Projects” means activities identified by the PCs which meet the criteria set forth in the KMP Operations Manual and referred to in Section 1.A (12) of Schedule 2 to this Agreement.

15. “County Project Coordinator” means the team leader responsible for the implementation of the Project in a given county referred to in Section 1.A (7) of Schedule 2 to this Agreement.
16. "County Project Coordination Team" means the county level Project coordination teams referred to in Section 1.A (9) of Schedule 2 to this Agreement.

17. "National Program Coordinator" means the team leader responsible for the implementation of the Project at the national level referred to in Section 1.A (3) of Schedule 2 to this Agreement.

18. "National Program Coordination Team" means the national level Project and Program coordination team referred to in Section 1.A(5) of Schedule 2 to this Agreement.

19. "Ministry of Lands, Housing, and Urban Development" or "MLHUD" means the Recipient's ministry responsible for lands, housing and urban development.

20. "Operating Costs" means the incremental expenses incurred on account of the Project by the Recipient in accordance with budgets approved by the Association to meet vehicle operating costs, office operating costs, bank charges and staff travel related expenses (but excluding salaries and honoraria of officials of the Recipient's civil service);

21. "Participating Urban Centers" means the urban centers selected from among the urban centers of Eldoret, Embu, Garissa, Kakamega, Kericho, Kitui, Kisumu, Malindi, Mombasa, Machakos, Nakuru, Nyeri, Naivasha, Thika, the City of Nairobi or any other urban center agreed with the Association.

22. "Physical Structure Plan" means a plan developed by the PCs for the Participating Urban Centers in consultation with communities and other stakeholders containing maps, indicating natural systems, infrastructure, and current and proposed future land use guidelines referred to in Part B (1) of Schedule 1 to this Agreement.

23. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on October 15, 2009 and on behalf of the Recipient on November 4, 2009.

24. "Procurement Audit" means an assessment of procurement for compliance with the procurement procedures and laws and recommending on mitigatory measures to address identified risks.

26. "Procurement Plan" means the Recipient's procurement plan for the Project, dated August 19, 2012 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.

27. "Resettlement Policy Framework" means the policy framework prepared by the Recipient dated March 8, 2010 as said framework may be amended from time to time with the prior concurrence of the Association.

28. "Revenue Enhancement Plan" or "REP" means a plan developed by the Recipient for the purposes of increasing revenue collection of a county and referred to in Part A.2 (g) of Schedule 1 to this Agreement.

29. "Selected Counties" means the counties selected from among the counties of Garissa, Kakamega, Kilifi, Kiambu, Kericho, Kisumu, Kitui, Machakos, Mombasa, Nairobi City, Nakuru, Nyeri, and Uasin Gishu selected by the Recipient to participate in the Project in accordance with criteria set forth in the KMP Operations Manual as may be agreed from time to time with the prior written approval of the Association.

30. "Social Accountability" means the measures taken by the Recipient for periodic disclosure of information related to the Project and includes information on budget allocation, allocation of funds to the PCs, project operational results, project implementation progress, audit findings; reports on corruption and fraud; and mechanisms for public complaints and feedback referred to in Section 1. E (20) of Schedule 2 to this Agreement.


32. "Training" means seminars, workshops and study tours and training related costs including 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 training activities.