The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
1818 H Street N.W.
Washington, D.C. 20433
U.S.A.
(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

MAY 9, 2013

Dr. Geoffrey Wahungu
Director General
National Environmental Management Authority
Eland House, Popo Road
off Mombasa Road
P.O. Box 67839-00200, Nairobi

Re: Republic of Kenya: IDF Grant for the Strengthening the Use of Country Safeguards Systems Project
IDF Grant No. TF012609

Dear Sir/Madam:

In response to the request for financial assistance made on behalf of the National Environment Management Authority (NEMA) ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient, for the benefit of the Republic of Kenya ("Member Country"), a grant from the World Bank’s Institutional Development Fund ("IDF") in an amount not to exceed four hundred eighty seven thousand eight hundred eighty United States Dollars (U.S.$487,880) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer
of this Agreement shall be deemed withdrawn if the World Bank has not received the
countersigned copy of this Agreement within 90 days after the date of signature of this
Agreement by the World Bank, unless the World Bank shall have established a later date for
such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By __________________
Diarietou Gaye
Country Director for Kenya
Africa Region

AGREED:

NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY (NEMA)

By __________________
Authorized Representative
Name __________________
Title Director General
Date 13th May 2013

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** 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 and the following terms have the following meanings:

(a) "National Environment Management Authority" or "NEMA" means the body established under the Environmental Management and Coordination Act (EMCA) No. 8 of 1999 as the principal instrument of government in the implementation of all policies relating to the environment and with competence to receive and expend grant funds, pursuant to Section 11(b) of EMCA.

(b) "Targeted Ministries" means the Member Country’s Ministries of (i) Environment and Mineral Resources; (ii) Energy (including Kenya Power and Lighting Company; (iii) Kenya Transmission Corporation; Kenya Electricity Generating Company); (iv) Transport (including Kenya Railway Authority); (v) Roads (including Kenya Highways Authority; Kenya Urban Roads); (vi) Agriculture; (vii) Forestry and Wildlife; (viii) Water and Irrigation; and (ix) Metropolitan Development.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the assessment, implementation and monitoring and evaluation capacity of national safeguard practitioners in the use of the Member Country’s environmental and social safeguards country systems. The Project consists of the following parts:

**Part 1:** Developing a results-based environmental and social Safeguards management framework through:

a) Carrying out a diagnostic assessment to ascertain existing safeguards capacity within Targeted Ministries, with the aim of identifying gaps in the knowledge and skills base.

b) Preparation of: (i) a consolidated safeguards management framework to establish a clear and standardized approach to national safeguards work within the context of country systems; and (ii) an operational manual providing guidance on how to effectively conduct safeguards assessments, enforcement, implementation and monitoring and evaluation processes.
c) Development and production of learning modules for safeguards practitioners to be used for on-demand training for management and mitigation of environmental and social impacts of sector-specific investment activities in the Member Country’s territory.

Part 2: Strengthening country systems capacity in environmental and social safeguards management through:

a) Provision of training in the areas of environmental and social safeguards management in key growth sectors to a core group of national safeguard practitioners to enable them to conduct safeguards work required by the Targeted Ministries and to train other safeguards practitioners in relevant public sector agencies.

b) (i) Carrying out a local workshop for international safeguard practitioners to facilitate exposure to safeguard practices from other Sub-Saharan African countries; and (ii) organizing a number of follow-up global exchange videoconference seminars.

c) Carrying out: (i) the design, production and distribution of learning and communication materials; and (ii) participatory learning sessions for members of the civil society about their role and responsibility in the environmental and social assessment process.

Part 3: Carrying out the effective management of the Grant, including two independent audits.

2.02. Project Execution Generally. 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: (a) Article II of the Standard Conditions; (b) 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”); and (c) this Article II.

2.03. Institutional and Other Arrangements. Without limitation upon Section 2.02 above, the recipient shall:

(a) within three months of signature of this Agreement, establish a steering committee with a composition, qualification and experience satisfactory to the World Bank, to be responsible for the overall coordination of the Grant (“Steering Committee”); and

(b) provide funds for: (i) counterpart staff time; (ii) office facilities; (iii) local transportation; (iv) administrative support; and (v) trainee staff time.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, 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 such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The Recipient shall, upon the World Bank’s request, 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.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) 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.

(c) The Recipient shall have its Financial Statements 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.

2.06. **Procurement**

(a) **General.** 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:

   (i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

   (ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

   (iii) the provisions of this Section, 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”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of 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.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services.** Goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**
(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection based on Consultants’ Qualifications; (B) Single-source Selection of consulting firms; (C) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) 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.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. 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 following table. The 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</td>
<td>27,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services</td>
<td>359,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>101,380</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>487,880</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training” means the following expenditures incurred in providing training or workshops: (i) travel by participants and presenters to the training or workshop site; (ii) per diem allowances of such persons during the training or workshop; (iii)
honoraria for the presenters; (iv) materials, supplies; and (v) translation and interpretation services.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

### Article IV
**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s Director General.

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

Director General  
National Environmental Management Authority  
Eland House, Popo Road  
off Mombasa Road  
P.O. Box 67839-00200, Nairobi

Email:  
dgnema@nema.go.ke

Facsimile:  
+254-20-600-7997

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

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

Cable:  
INTBAFRAD

Telex:  
248423 (MCI) or 64145 (MCI)

Facsimile:  
1-202-477-6391