Financing Agreement

(Regional Pastoral Livelihoods Resilience Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 19, 2014
AGREEMENT dated M A Y 1 2 0 1 4 , entered into between REPUBLIC OF KENYA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree 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 fifty million two hundred thousand Special Drawing Rights (SDR 50,200,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. 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.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are February 15 and August 15 in each year.

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

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Agriculture, Livestock and Fisheries ("MOALF") 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 Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The Uganda Financing Agreement or the IGAD Financing Agreement shall have failed to become effective twenty-four (24) months after the Effective Date or such later date as the Association shall establish by notice to the Recipient.

(b) The Association has suspended in whole or in part: (i) the right of Uganda to make withdrawals under the Uganda Financing Agreement; or (ii) right of IGAD to make withdrawals under the IGAD Financing Agreement.

(c) The Recipient has suspended its membership and/or participation in IGAD.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has adopted the Project Implementation Manual, in accordance with the provisions of Section 1.B of Schedule 2 to this Agreement.

(b) The Recipient has established a National Project Coordination Unit and designated the key staff including an accountant as well as environmental, social and procurement specialists, all with qualifications, experience and terms of reference satisfactory to the Association.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
5.03. 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 (20) years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is the Cabinet Secretary for the National Treasury.

6.02. The Recipient’s Address is:

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

Cable address: FINANCEnairobi  
Telex: 22921minfin-ke  
Facsimile: + (254) 20 330426

6.03. 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
AGREED at Nairobi, Republic of Kenya, as of the day and year first above written.

REPUBLIC OF KENYA

By

[Signature]

Authorized Representative

Name: HENRY RUTCH
Title: CABINET SECRETARY
NATIONAL TREASURY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: DARIEN DO GAJE
Title: COUNCIL DIRECTOR
SCHEDULE 1

Project Description

The objectives of the Project are to enhance livelihood resilience of pastoral and agro-pastoral communities in cross-border drought prone areas of Selected Countries and improve the capacity of the Selected Countries’ governments to respond promptly and effectively to an Eligible Crisis or Emergency.

The Project consists of the following parts:

Part 1. Natural Resources Management

Assisting pastoral and agro-pastoral communities to manage sustainably natural resources with trans-boundary significance through:

1.1. Carrying out of a program of activities to enhance the capacity of Recipient to manage natural resources, such activities to include: (a) mapping ground-water resources (including improving the maps resolution and refining and updating the maps in order to meet Selected Countries’ needs) and supporting an integrated information system of rangelands resources along cross-border routes; (b) designing, constructing and rehabilitating water resources access facilities (including water pans, earth dams, boreholes, shallow wells and rock catchments) and identifying and promoting appropriate water harvesting technologies; (c) supporting the setting up of water user associations and capacity building of such associations and communities to manage and maintain water resources systems; and (d) training operational and maintenance staff of water resources access facilities.

1.2. Carrying out of a program of activities to support sustainable land management in pastoral and agro-pastoral areas through: (a) refining regional and national maps of degraded rangelands and ecosystems with trans-boundary implications for animal movements; (b) training and supporting pastoralists and agro-pastoralists in implementing participatory rangeland rehabilitation and management techniques, including area enclosure, physical and biological conservation, reseeding degraded areas, clearing invasive species and supporting soil conservation; (c) building or rehabilitating forage storage structures; and (d) supporting harmonization of policies on participatory rangeland management across the Selected Countries.

1.3. Carrying out of a program of activities designed to prevent conflicts and build peace among communities in pastoral and agro-pastoral areas such a program to include such activities as: (a) conducting research on cross-border migration and mobility patterns; (c) supporting peace building activities including information meetings, joint cross-border activities on civic education and peace campaigns, and exposure visits of community members; (c) building capacities of
communities and local governments to implement the agreed arrangements for natural resource sharing; and (d) facilitating meetings to restore confidence of community stakeholders on traditional conflict management mechanisms; (e) demarcation of traditional livestock migration routes.

Part 2. Market Access and Trade

Enhancing the market access of the agro-pastoralists and pastoralists to the intra-regional and international markets of livestock and livestock products through:

2.1. Carrying out of a program of activities to support livestock market support infrastructure and information system, including: (a) supporting the integration of the national livestock marketing information systems with the regional-level system; (b) provision of equipment and Training to stakeholders on interpreting and using information from the national livestock marketing information system; (c) carrying out nation-wide dissemination of livestock marketing-related information; (d) building, rehabilitating and equipping market infrastructures (including holding/auction grounds, border check-points, regional and satellite laboratories) along trade routes; and (e) building capacity of officials and market staff on market management, including inspections and certifications.

2.2. Carrying out of a program of activities to support livestock value-chain and improve livestock mobility and trade through: (a) supporting research on and development of selected livestock-related cross-border value chains, specifically in arid and semi-arid areas; (b) building the capacity of pastoralists and other actors (including exporters and abattoirs owners) on cooperative management models and livestock marketing; (c) supporting the adoption and implementation of regional animal marketing policies, protocols, tariffs, certification systems, sanitary and phyto-sanitary standards, animal identification and traceability systems, including dissemination of relevant policies, statutes and regulations; and (d) carrying out capacity building activities among livestock marketing and trade stakeholders (including government officials, pastoralists and private sector).

Part 3. Livelihood Support

Enhancing livelihoods of pastoralist and agro-pastoralist communities through:

3.1. (a) Supporting harmonized vaccination campaigns for priority livestock diseases including *peste des petits ruminants, foot-and-mouth disease, contagious caprine pleuro pneumonia* and *contagious bovine pleuro pneumonia*; (b) enhancing livestock disease and vector control and surveillance in targeted drought-prone areas; (c) supporting the development and harmonization of breeding strategies in the arid and semi-arid areas including provision of equipment and technical assistance to breeding centers and community breeding groups; and (d)
providing training to livestock stakeholders on livestock production and health; (e) supporting pastoral field schools including support their institutionalization, the deployment of learning-by-doing methodologies to carry out on-field demonstrations, training master trainers and pastoral field school facilitators.

3.2. (a) Supporting improvements in fodder bulking and conservation; (b) establishing small-scale irrigation schemes for fodder production; (c) training members of irrigation water users associations on management of association owned infrastructures such as water facility and fodder bank; (d) undertaking adaptive research and supporting the introduction of drought tolerant fodder species in agro-pastoral areas; and (e) building and rehabilitating storage and post-harvest facilities adapted to pastoral conditions and agricultural production.

3.3. Carrying out of a program of activities designed to facilitate livelihoods diversification through identification of markets, development of value chains for alternative products to livestock products and sharing information on livelihood alternatives.


Enhancing drought-related hazards preparedness, prevention and response through:

4.1. Carrying out of a program of activities designed to support the establishment and implementation of pastoral risk early warning and response system such a program to include the following activities: (a) harmonizing methodologies on risk profiling; (b) carrying out studies and analyses to identify gaps in response capacity; (c) establishing and supporting the implementation of a nation-wide early warning system to collect, analyze and disseminate early warning reports and information to decision makers and communities for appropriate action including developing contingency plans and guidelines; expanding and rehabilitating sentinel sites in the Project area; procurement of equipment, and supporting the establishment of clusters of cross-border pastoral risk management committees; and (d) supporting the design of a communication strategy for early warning system.

4.2. (a) Carrying out capacity building programs at national and county levels on key guidelines for drought disaster risk management; (b) building fiduciary and administrative capacities of the Recipient’s institutions to manage national contingency funds; (c) designing and carrying out a pilot to test new financial risk transfers mechanisms in the Project areas (such as agricultural and livestock insurance schemes); (d) supporting the design of a communication strategy for early warning system; and (e) supporting the implementation of pastoral risk management strategies.
4.3. Providing immediate response to an Eligible Crisis or Emergency, as needed.

Part 5. Project Management and Institutional Support

5.1. Carrying out of Project planning, coordination, management, audits, monitoring and evaluation including carrying out technical studies and learning activities, and dissemination of Project information.

5.2. Carrying out of a program of activities designed to enhance the capacity of Recipient’s national public and non-state institutions on drought resilience including: (a) supporting greater engagement of the Recipient in IGAD’s relevant decision - and policy-making processes on dry lands and pastoral areas; (b) supporting inter-ministerial collaboration within Recipient’s government as well as among Selected Countries; and (c) providing technical assistance to counties to strengthen county integrated planning and links with national and regional plans related to drought resilience.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Institutional Arrangements at the National Level

1. National Project Steering Committee. The Recipient shall maintain at all times during the implementation of the Project - a National Project Steering Committee, chaired by the principal secretary responsible for livestock matters or a designated representative of MOALF, with functions, composition, staffing and resources satisfactory to the Association, to be responsible for, inter alia, policy oversight and strategic direction in the execution of the Project and approving the Annual Work Plans and Budgets.

2. National Project Coordination Unit. The Recipient shall maintain at all times during the implementation of the Project, the National Project Coordination Unit at MOALF with staffing (including a Project coordinator, accountant, monitoring and evaluation specialist, procurement specialist, environmental specialist and social safeguards specialist) with the terms of reference and resources satisfactory to the Association.

Institutional Arrangements at the County Level

3. County Steering Committee. The Recipient shall, no later than two (2) months after Effective Date or any other date to be agreed with the Association, cause each Selected County to establish a County steering committee, each with mandate, composition and resources satisfactory to the Association (County Steering Committee).

4. County Coordination Unit. The Recipient shall, no later than two (2) months after Effective Date or any other date to be agreed with the Association, cause each Participating County to establish a County Coordination Unit and a County Project Service Unit each with functions and resources satisfactory to the Association, and with staff in adequate numbers and with terms of reference, qualifications and experience satisfactory to the Association.

5. County Project Service Unit. The Recipient shall, no later than two (2) months after Effective Date or any other date to be agreed with the Association, cause each Participating County to designate a County Project Service Unit each with functions and resources satisfactory to the Association, and with staff in adequate
numbers and with terms of reference, qualifications and experience satisfactory to the Association.

B. Project Implementation Manual

1. The Recipient shall prepare, a Project implementation manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project including inter alia: (a) institutional coordination and day-to-day implementation of the Project; (b) disbursement, procurement and financial management including financial and technical audit of the Project; (c) environmental and social safeguards management including the operation of complaints and grievance redress mechanism; (d) governance and social accountability mechanisms; (e) monitoring and evaluation, reporting and communication, including performance indicators and third party monitoring arrangements; (f) a capacity building program for designated Project implementation staff at national, county and community levels; and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall: (a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (b) thereafter adopt such manual as shall have been approved by the Association (Project Implementation Manual).

3. The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the PIM (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the PIM or any of its provisions without prior approval in writing by the Association.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguard Frameworks and any other Safeguard Instrument prepared or to be prepared by the Recipient in accordance with sub-paragraph 2 below.
2. Whenever a Safeguard Instrument shall be required for any proposed Project activity in accordance with the provisions any Safeguard Framework, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such Safeguard Instrument: (i) prepared in accordance with the provisions of the corresponding Safeguard Framework, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association;

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Instrument; and

(c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, any Safeguard Framework or any Safeguard Instrument, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association each calendar year (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the Safeguard Frameworks and the Safeguard Instruments, as applicable, giving details of: (a) measures taken in furtherance of the said documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions

E. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the Association not later than May 1st of each Fiscal Year during the implementation of the Project (beginning in calendar year 2015), a work plan and budget containing inter alia: (i) all activities proposed to be implemented under the Project during the following Fiscal Year; (ii) a proposed financing plan for expenditures required for such
activities, setting forth the proposed amounts and sources of financing therefor and disbursement schedule; and (iii) the training plan for such period.

2. The Recipient shall ensure that in preparing any training plan proposed for inclusion in an annual work plan and budget it shall identify in the training plan: (i) the objective and content of the Training envisaged; (ii) the selection method of the institutions or individuals conducting such Training, and said institutions if already known; (iii) the expected duration and an estimate of the cost of said Training; and (iv) the selection method of the personnel who will attend the Training, and number and names of such personnel if already known.

3. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed annual 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 Association ("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 Association.

5. Without limitation on the provisions of Part E of this Section, the Recipient shall prepare and furnish to the Association the first proposed Annual Work Plan and Budget required under the Project not later than one month after the Effective Date.

F. Social Accountability

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

G. Immediate Response Mechanism

In order to ensure the proper implementation of Part 4.3 of the Project ("Contingent Emergency Response") ("IRM Part"), the Recipient shall take the following measures.

1. The Recipient shall:

   (a) no later than twelve (12) months after Effective Date prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for the IRM Part, including: (i) designation of, terms of reference for and resources to
be allocated to, the entity to be responsible for coordinating and implementing the IRM Part ("Coordinating Agency"); (ii) specific activities which may be included in the IRM Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the IRM Part; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the IRM Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the IRM Part, consistent with the Association's policies on the matter; and (vi) any other arrangements necessary to ensure proper coordination and implementation of the IRM Part;

(b) afford the Association a reasonable opportunity to review said proposed operations manual;

(c) promptly adopt such operations manual for the IRM Part as shall have been approved by the Association ("IRM Operations Manual");

(d) ensure that the IRM Part is carried out in accordance with the IRM Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the IRM Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the IRM Operations Manual without prior approval by the Association.

2. The Recipient shall, throughout the implementation of the IRM Part, maintain the Coordinating Agency, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under the IRM Part (and no activities shall be included in the IRM Part) unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the IRM Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(b) the Recipient has prepared and disclosed all safeguards instruments required for said activities, in accordance with the IRM Operations Manual, the Association has approved all such instruments, and the
Recipient has implemented any actions which are required to be taken under said instruments.

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 indicators acceptable to the Association. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Association not later than sixty (60) days after the end of the period covered by such report.

2. Not later than thirty (30) months after the Effective Date, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project. The Recipient shall prepare and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

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 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 for
each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 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 of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

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

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding (subject to the additional provisions in paragraph 3 below); (b) Shopping; (c) Direct Contracting; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; and (e) Limited International Bidding.

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 contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least-Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

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

   (a) 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.

   (b) 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.

   (c) Bidding documents and tender documents shall contain, *inter alia*, 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 Association.

   (d) 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.

   (e) 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.

   (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.
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.

E. Procurement of Emergency Expenditures under the IRM Part of the Project

Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for the IRM Part of the Project shall be procured in accordance with the procurement methods and procedures set forth in the IRM Operations Manual.

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:
### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement.

   (b) under Category 1 for payments to any Participating County unless the respective Participating County has designated an accountant with qualifications and experience and under the terms of reference satisfactory to the Association, to be responsible for accounting for the Project funds.

   (c) under Category 3 for Emergency Expenditures under Part 4.3 of the Project, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:

   (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the IRM Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

<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, non-consulting services, Operating Costs, Training and consultants' services for Parts 1, 2, 3, 4.1, 4.2, and 5 of the Project</td>
<td>49,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>1,100,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(3) Emergency Expenditures under Part 4.3 of the Project</td>
<td>0</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>50,200,000</td>
<td></td>
</tr>
</tbody>
</table>
(ii) the Recipient has prepared and disclosed all safeguards instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.G.3 of Schedule 2 to this Agreement;

(iii) the Recipient’s Coordinating Agency has adequate staff and resources, in accordance with the provisions of Section I.G.2 of this Schedule 2 to this Agreement, for the purposes of said activities; and

(iv) the Recipient has adopted an IRM Operations Manual in form, substance and manner acceptable to the Association and the provisions of the IRM Operations Manual remain - or have been updated in accordance with the provisions of Section I.G.1 of this Schedule 2 so as to be - appropriate for the inclusion and implementation of said activities under the IRM Part.

2. The Closing Date is December 31, 2019.

Section V. Other Undertakings

A. Other Financial Management Covenants

1. The Recipient shall, not later than six (6) months after the Effective Date, designate - or cause each Participating County to designate - an internal auditor for the respective Participating County with qualifications and experience and under the terms of reference satisfactory to the Association.

2. The Recipient shall not later than six (6) months after the Effective Date have in place a computerized financial management system for the Project in a manner acceptable to the Association.

3. The Recipient shall conduct in each calendar year (commencing with the calendar year in which the first withdrawal under the Project was made) a risk-based fiduciary review of the Project and furnish to the Association not later than five (5) months after the end of the calendar year, a report of such review covering the year, in form and substance satisfactory to the Association.
**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 February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2024, to and including February 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 15, 2034, to and including February 15, 2054</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

1. "Affected Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) 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; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

2. "Annual Work Plan and Budget" means the work plan and budget prepared annually by the Recipient and approved by the Association in accordance with Section I.E of Schedule 2 to this Agreement; and "Annual Work Plans and Budgets" means more than one Annual Work Plan and Budget.


4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. "Coordinating Agency" means the entity or entities designated by the Recipient in the IRM Operations Manual and approved by the Association pursuant to Section I.G.2 of Schedule 2 to this Agreement, to be responsible for coordinating the IRM Part of the Project.

7. "County" means the second tier of government in the administrative system of the Recipient established under the Recipient’s Constitution of 2010.

8. "County Coordination Unit" means the unit referred to in Section I.A.4 of Schedule 2 to this Agreement.

9. "County Project Service Unit" means the unit referred to in Section I.A.5 of Schedule 2 to this Agreement.

10. "County Steering Committee" means the committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
11. "Eligible Crisis or Emergency" means an event that has caused, or is likely to
imminently cause, a major adverse economic and/or social impact to the
Recipient, associated with a natural or man-made crisis or disaster.

12. "Emergency Expenditure" means any of the Eligible Expenditures set forth in the
IRM Operations Manual in accordance with the provisions of Section I.G.1(a)ii
of Schedule 2 to this Agreement and required for the activities included in the
IRM Part of the Project.

13. "ESIA" or "Environmental and Social Impact Assessment" means an
environmental and social impact assessment, in form and substance satisfactory
to the Association, prepared by the Recipient in accordance with the ESMF
pursuant to Section I.D of Schedule 2 to this Agreement, and "ESIAs" means,
collectively, all such assessments.

14. "ESMF" means the Recipient's environmental and social management
framework document - dated October 2013 and disclosed on infoshop on
November 29, 2013 - setting forth the modalities for environmental screening
and procedures/actions for the preparation and implementation of environmental
and social assessments and management plans under the Project, and such term
includes any schedule and/or annex to said framework.

15. "ESMP" means, for a given Project activity, an environmental and social
management plan, in form and substance satisfactory to the Association, prepared
by the Recipient in accordance with the ESMF pursuant to Section I.D of
Schedule 2 to this Agreement; and "ESMPs" means, collectively, all such plans.

16. "Fiscal Year" and "FY" mean the twelve (12) month period starting July 1 and
ending June 30 of the following year.

17. "General Conditions" means the "International Development Association

18. "IGAD" means Inter-Governmental Authority on Development, an organization
set up through IGAD Constitutive Agreement.

19. "IGAD Constitutive Agreement" means the agreement establishing the Inter-
Governmental Authority on Development of March 21, 1996.

20. "IGAD Financing Agreement" means the agreement between IGAD and the
Association for activities related to the Project, as such agreement may be
amended from time to time, and the term includes all appendices, schedules and
agreements supplemental to the said agreement.

Manual" each means the operations manual referred to in Section I.G.1 of
Schedule 2 to this Agreement, to be adopted by the Recipient for the IRM Part of the Project in accordance with the provisions of said Section.

22. “IRM Part of the Project” and “IRM Part” each means Part 4.3 of the Project.

23. “Ministry of Agriculture, Livestock and Fisheries” and the acronym “MOALF” mean the Recipient’s ministry responsible for livestock and any successor thereto.

24. “National Project Coordination Unit” means the unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

25. “National Project Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

26. “Operating Costs” means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.E of Schedule 2 to this Agreement, and consisting of expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and per diem, and salaries of Project staff, but excluding the salaries of the Recipient’s civil service, meeting and other sitting allowances and honoraria to said staff.


28. “Integrated Pest Management Framework” or “IPMF” means an instrument dated January 2014, and disclosed on infoshop on January 28, 2014, satisfactory to the Association, designed to support integrated pest management and the safe use of pesticides as the same may be amended from time to time with the prior written approval of the Association.

29. “Integrated Pest Management Plan” or “IPMP” means for a given Project activity, an integrated pest management plan, in form and substance satisfactory to the Association, prepared by the Recipient in accordance with the IPMF pursuant to Section I.D of Schedule 2 to this Agreement; and “IPMPs” means, collectively, all such plans.

30. “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 December 21, 2012, and on behalf of the Recipient on January 25, 2013.

32. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 5, 2014, 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.

33. “Project Implementation Manual” or “PIM” means the manual referred to in Section 1.B.2 of Schedule 2 to this Agreement as the same may be amended from time to time with the prior written approval of the Association.

34. “RAP” means the resettlement action plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the RPF, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with procedural and institutional measures needed to implement such actions, measures and policies.

35. “RPF” means the Recipient’s resettlement planning framework document - dated November 2013 and disclosed on infoshop on December 4, 2013 - setting forth the modalities for the compensation, resettlement and rehabilitation of Affected Persons, acceptable to the Association, and such term includes any schedules and/or annexes to the said framework.

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

37. “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 ESMP, said ESMP; and (c) for which the RPF requires a RAP, said RAP; (d) for which a VMGF requires a VMGP, said VMGP; (e) for which an IPMF requires an IPMP, said IPMP; and the term includes documents incorporated in the ESMF (including chance finds procedures and guidelines on small dam safety), all as shall have been prepared, approved and disclosed in accordance with the provisions of Section 1.D of Schedule 2 to this Agreement.

38. “Selected Countries” means the Recipient and the Republic of Uganda (as well as any other country of which the Association has notified the Recipient), in whose territories the Project is carried out; and “Selected Country” means individually each and any of the Selected Countries.

39. “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.

40. “Training” means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the Association pursuant to Section 1.E of Schedule 2 to this Agreement, consisting of reasonable expenditures (other than expenditures for consultants’ services) for: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.

41. “Uganda Financing Agreement” means the agreement between Republic of Uganda and the Association for activities related to the Project, as such agreement may be amended from time to time, and the term includes all appendices, schedules and agreements supplemental to the said agreement.

42. “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.

43. “Vulnerable and Marginalized Groups Framework” or “VMGF” means the instrument entitled “Vulnerable and Marginalized Groups Framework” - dated November 2013, and disclosed on infoshop on December 4, 2013, - providing guidelines and procedures for identification of VMGs, 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 Association.

44. “Vulnerable and Marginalized Groups Plan” or “VMGP” means the plan, prepared by the Recipient in the form and substance satisfactory to the Association, 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.