

CONFORMED COPY
CREDIT NUMBER 4277-KE

Project Agreement

(Natural Resource Management Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL IRRIGATION BOARD

Dated May 7, 2007

PROJECT AGREEMENT

Agreement dated May 7, 2007, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and NATIONAL IRRIGATION BOARD (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the Republic of Kenya (“Recipient”) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Parts 1(c) and 1(d) of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is forty years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is General Manager.

4.02. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

4.03. The Project Implementing Entity's Address is:

National Irrigation Board
P. O. Box 30372, 00100,
Nairobi

Telephone:	Facsimile:
254 20 2711380	254 20 2722821

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

/s/ Colin Bruce
Authorized Representative

NATIONAL IRRIGATION BOARD

By:

/s/ John P. Olum
Authorized Representative

SCHEDULE

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

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall at all times during Project implementation appoint and maintain a sub-component leader, who shall be responsible for overseeing the overall implementation of Parts 1(c) and 1(d) of the Project including monitoring compliance with its agreed indicators, peer reviewing the technical work carried out and articulating the Recipients' national legal and policy priorities as they relate to the irrigation sector.

B. Environmental and Social Safeguards and other Covenants

1. The Project Implementing Entity shall in implementing its Respective Parts of the Project:
 - (a) comply with the requirements of the Environmental and Social Management Framework, Indigenous Peoples Planning Framework and the Resettlement Policy Framework and shall not amend or waive any of the requirements of these policies without the Recipient's prior approval;
 - (b) ensure that, all proposals submitted for investments in civil works or significant land use changes are shared with the Association for its prior approval; and
 - (c) implement the Project in accordance with the procedures set out in the PIP, and shall not amend or waive any provisions thereof if such waiver or amendment will in the opinion of the Association, materially or adversely impact Project Implementation.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare its Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in subparagraph (b) of this paragraph agreed with the Association. Each such Project Report shall cover the period of one fiscal year, and shall be furnished to the Recipient not later two months after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association.

- (b) The performance indicators referred to above in sub-paragraph (a) consist of the indicators referred to in Section A2 (ii) of the Financing Agreement.
- 2. The Project Implementing Entity shall provide to the Recipient not later than August 31, 2013 for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

- 1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.
- 2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

Section III. Procurement

All goods, works and services required for Parts 1(c) and 1(d) of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

Section IV Other Undertakings

The Project Implementing Entity shall prior to the commencement of each Fiscal Year submit in form and substance satisfactory to the Association a consolidated annual work plan for the subsequent year. Any such work plan, shall include *inter alia* an updated procurement plan and budget proposal for project activities in accordance with the PIP.