

**CONFORMED COPY**

**CREDIT NUMBER 4336-KE**

# **Financing Agreement**

**(Total War Against HIV and AIDS Project)**

**between**

**REPUBLIC OF KENYA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 18, 2007**

**FINANCING AGREEMENT**

AGREEMENT dated July 18, 2007, between the REPUBLIC OF KENYA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) the Association has received from the Recipient, the Kenya National HIV and AIDS Strategic Plan (2005/6-2009/10) dated July 1, 2005 which describes a program of actions, objectives and policies designed to implement activities under the Kenya National HIV and AIDS Strategic Plan (KNASP) (the Program) and declaring the Recipient’s commitment to the execution of the Program;

(B) the Recipient intends to obtain from the United Kingdom’s Department for International Development (DFID), a grant in the amount equivalent to seventeen million Pounds Sterling ( £17,000,000) (the DFID Grant) to assist in financing the Project on the terms and conditions set forth in an agreement to be entered into between the Recipient and DFID (the Co-Financing Agreement); and,

(C) the Recipient intends to appoint the Association to coordinate and administer the disbursement of the DFID Grant in accordance with an agreement to be entered into between the Association and DFID (the Co-Financiers’ Agreement).

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 the Financing 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 two million nine hundred thousand Special Drawing Rights (SDR 52,900,000) (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 May 15 and November 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall cause the Project to be carried out by the National AIDS Control Council (“NACC”) (“Project Implementing Entity”) in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 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 Event of Suspension consists of the Project Implementing Entity’s Legislation having been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the Project Implementing Entity’s ability to perform any of its obligations under the Project Agreement.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is December 31, 2007.
- 4.03. The Additional Event of Acceleration consists of the event specified in Section 4.01 of this Agreement occurring and continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient and the Project Implementing Entity have executed the Subsidiary Agreement satisfactory to the Association;
  - (b) The Recipient has recruited, or caused to be recruited by the Project Implementing Entity, a Procurement Monitoring Agent, a Compliance Verification Agent and a Financial Management Agent, all with qualifications and experience, and under terms of reference and executed contracts satisfactory to the Association;
  - (c) The Recipient has approved, or caused to be approved by the Project Implementing Entity, the first Call for Proposal for FY07/08 in accordance with criteria satisfactory to the Association; and
  - (d) The Recipient has opened a Project Account and deposited therein Kenya Shillings twenty million (KES. 20,000,000/-).
- 5.02. The Additional Legal Matter consists of the Subsidiary Agreement having been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement shall terminate is 40 years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is the Minister for Finance

6.02. The Recipient's Address is:

Ministry of Finance  
P.O. Box 30007-00100  
Nairobi, Kenya

Cable address:	Facsimile:
FINANCE	254 20 330 426
NAIROBI	254 20 218 475

6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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

**REPUBLIC OF KENYA**

**By:**

***/s/ Amos Kimunya***  
**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By:**

***/s/ Colin Bruce***  
**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to assist the Recipient to expand the coverage of targeted HIV and AIDS for prevention and mitigation interventions through sustaining the improved institutional performance of the Project Implementing Entity and supporting the implementation of the Kenya National HIV and AIDS Strategic Plan (“KNASP”).

The Project consists of the following parts:

#### Part 1. Strengthening the Project Implementing Entity’s Governance and Coordination Capacity

(a) Strengthening the institutional capacity of the Project Implementing Entity in its strategic leadership in implementing the KNASP through: (i) conducting regular reviews of the KNASP to monitor progress and identify evolving priority interventions; (ii) training of all its staff including at the decentralized levels, (iii) provision of advisory and technical services to prioritize and focus program implementation; (iv) provision of Incremental Operating Costs for the NACC Secretariat and its Decentralized Structures and, (v) financing of its strategic communications in support of its programs.

(b) Contracting a Financial Management Agent, Compliance Verification Agent, Performance Auditor, Procurement Monitoring Agent and External Auditors to assist the Project Implementing Entity in its verification and accountability functions in the use of the Project resources.

(c) Implementing evidence-informed management through developing and strengthening; (i) Management Information Systems; (ii) the monitoring and evaluation systems; and, (iii) operational research.

(d) Building the capacity of Beneficiaries in the use of grant funds through provision of technical and advisory services to enable them to plan, network, coordinate, monitor and report on Subprojects.

#### Part 2. Program Implementation

(a) Providing performance-based grants to Civil Society Organizations, research institutions and private sector entities, to research, prepare, implement and manage Subprojects for selected initiatives that link with and support the implementation of KNASP and agreed activities in the Joint HIV and AIDS Program Review (JAPR).

(b) Providing grants to selected ministries, departments and other government agencies to mainstream HIV and AIDS activities in public sector programs.

(c) Supporting the purchase and distribution of essential commodities for addressing the HIV and AIDS epidemic such as drugs, condoms, bed nets, test kits, reagents and laboratory equipment and supplies.

## SCHEDULE 2

### Project Execution

#### Section I. Subsidiary Financing; Institutional and Other Arrangements

##### A. Institutional Arrangements

1. The Recipient shall delegate the responsibility for overall Project implementation, management and oversight to the Project Implementing Entity and shall throughout the duration of the Project implementation, maintain the Project Implementing Entity with functions, staffing and resources satisfactory to the Association.
2. In implementing the Project, the Recipient shall ensure that the Project Implementing Entity maintains the following committees with resources and appropriate staff to promote the effective carrying out of the Project, namely: a Programs Committee responsible for assessing, monitoring, evaluating and coordinating the Project; a Finance and Administration Committee; and an Audit Committee.
3. The Recipient shall, at all times during Project implementation, maintain; (i) an Inter-Agency Coordinating Committee (ICC) to be chaired by the Director of the Project Implementing Entity and comprising stakeholders from the government, civil society, the private sector and development partners working on HIV and AIDS, and which shall be responsible for high level coordination of the KNASP and coordination of the annual JAPR process; and, (ii) a Steering Committee of the ICC to be chaired by the Director of the Project Implementing Entity and comprising of a maximum of eighteen members from the ICC for the purposes of; (a) effecting communication flow with the members of the ICC, (b) advocating for effective collaboration and networking among the members of the ICC; and, (c) resolving disputes among the members of the ICC upon the request of the Project Implementing Entity.
4. The Recipient shall:
  - (a) carry out the Project in accordance with the Project Operations Manual in form and substance satisfactory to the Association, and the said Operations Manual to provide details of all the operational guidelines and procedures as shall have been agreed with the Association for the implementation, monitoring and supervision of the Project, including but not limited to the composition, terms of reference and mandates of the implementing agencies at the national, regional, and local levels; and
  - (b) not amend or waive any provision of the Operations Manual without prior approval of the Association.

**B. Subsidiary Agreement**

1. To facilitate the carrying out of the Project by the Project Implementing Entity, the Recipient shall make the entire proceeds of the Financing available to the Project Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association.
2. The Recipient shall exercise its rights under the Subsidiary 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 the Subsidiary Agreement or any of its provisions.

**C. Anti-Corruption**

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

**D. Environmental Safeguards**

The Recipient shall ensure that the Project is carried out in accordance with the National Health Care Waste Management Plan (“NHCWMP”) and the Association’s policy requirements.

**E. Subprojects**

1. Except as the Association shall otherwise agree, the Project Implementing Entity shall prepare an Annual Consolidated Work Plan satisfactory to the Association and shall no later than April 30th of each year or any other date agreed with the Association ensure that Calls for Proposals for the Subprojects for the following year have been prioritized and approved.
2. In implementing Parts 2(a) and (2b) of the Project, the Recipient shall cause Project Implementing Entity to provide Sub-financings to Beneficiaries in accordance with eligibility criteria and procedures in the Operations Manual, which shall include financing for the following priority areas: (a) interventions with the most impact in preventing further spread of HIV; and (b) target populations who are most susceptible to infection or most affected already such as: (i) commercial sex workers; (ii) orphans and vulnerable children; (iii) highly mobile populations (truck drivers, migrant workers); (iv) women (including widows); (v) the youth (including young girls); (vi) workers in small and medium-sized enterprises, micro-enterprises, and the informal sector; (vii) people with disabilities; (viii) people exposed to sexual violence; (ix) men having sex with men; and (x) injecting drug users.

3. The Project Implementing Entity shall make each Sub-financing under a Sub-financing Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include that the Project Implementing Entity shall obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to:
  - (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing, or declare to be immediately due and payable and obtain a refund of all or any part of the amount of the Sub-financing then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-financing Agreement; and
  - (ii) require each Beneficiary to: (A) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-financing in accordance with the provisions of this Agreement; (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 Subproject 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 Subproject; and (2) at the Association's or the Recipient's or the Project Implementing Entity'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 Project Implementing Entity, the Recipient and the Association; (F) enable the Project Implementing Entity, the Recipient and the Association to inspect the Subproject, its operation and any relevant records and documents; and (G) prepare and furnish to the Project Implementing Entity, the Recipient and the Association all such information as the Project Implementing Entity, the Recipient or the Association shall reasonably request relating to the foregoing.
4. The Project Implementing Entity shall exercise its rights under each Sub-financing Agreement in such manner as to protect its interests and those of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions.

**F. Other Arrangements**

1. The Project Implementing Entity shall no later than:
  - (a) September 30 of each year or any other date agreed with the Association prepare an annual monitoring and evaluation report summarizing progress made up to June 30th of each year;
  - (b) April 30 of each year or any other date agreed with the Association; (i) prepare a draft budget for the Project Implementation Entity for the following Fiscal Year; and, (ii) prepare an Annual Consolidated Work Plan and a detailed Project Implementing Entity work plan satisfactory to the Association;
  - (c) December 31, 2007 or any other date agreed with the Association, appoint a Performance Auditor with qualifications and experience, and under terms of reference and executed contract satisfactory to the Association; and,
2. The Recipient shall no later than September 30, 2009 carry out or cause to be carried out an institutional assessment of the Project Implementing Entity under terms of reference satisfactory to the Association, to support the preparation of the next strategic plan.

**Section II. Project Monitoring, Reporting, Evaluation**

**A. Project Reports**

1. The Recipient shall cause the Project Implementing Entity to 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 below in Paragraph 2. Each Project Report shall cover the period of one Fiscal Year, and shall be furnished to the Association not later than three months after the end of the period covered by such report.
2. The performance indicators referred to above in sub-paragraph (1) consist of the following:
  - (i) NACC composite score on the annual independent performance evaluation.
  - (ii) Proportion of overall targets for NACC-funded programs in civil society, private sector and public sector met.
  - (iii) Key outcome indicators for prevention and mitigation of HIV and AIDS.

3. 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 3 months after the Closing Date.
4. The Recipient shall:
  - (a) no later than September 30, 2009 carry out jointly with the Association, a Mid-Term Review of the progress made in carrying out the Project;
  - (b) no later than sixty days after the completion of the Mid-Term Review, commence the implementation of the recommendations of the Mid-Term Review as agreed with the Association; and,
  - (c) the Mid-Term Review shall assess, *inter alia*: (i) the overall progress made during the implementation of the Project; and (ii) the results of the monitoring and evaluation activities.

**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 or cause the Project Implementing Entity to prepare and furnish to the Association as part of the Project Report not later than forty-five days after the end of each calendar quarter, interim un-audited 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. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.
4. The Recipient shall ensure that the scope of its audits included Subprojects.

**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 Schedule.

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 Schedule.
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 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. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) National Competitive Bidding for goods and works estimated to cost between \$50,000 and \$250,000 equivalent per contract
(b) Limited International Bidding
(c) Direct Contracting
(d) Shopping for goods and works estimated to cost \$50,000 equivalent per contract or below
(e) Community Participation
(f) Established Private or Commercial Practices which have been found acceptable to 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.

<b>Procurement Methods</b>
(a) Consultant's qualification for services estimated to cost \$100,000 equivalent per contract or below
(b) Quality Based Selection
(c) Fixed Budget Selection
(d) Least-cost Selection for services estimated to cost \$200,000 equivalent per contract or below
(e) Procedures set forth in paragraphs 3.9 to 3.13 of the Consultant's Guidelines for Single Source Selection
(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant's Guidelines for the Selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods or works estimated to cost the equivalent of \$150,000 or more procured on the basis of International Competitive Bidding, Limited International Bidding, or National Competitive Bidding; (b) all Direct Contracting contracts; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; (d) each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (e) all single source selection contracts. 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:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
1. Goods	11,500,000	71% of foreign expenditures and 64% of local expenditures
2. Works	600,000	64%
3. Subproject Grants	30,400,000	71% of amount disbursed
4. Consultants Services and Audit	4,300,000	71%
5. Training and Workshops	500,000	71%
6. Incremental Operating Costs	3,600,000	64%
7. Unallocated	2,000,000	
<b>TOTAL AMOUNT</b>	<b>52,900,000</b>	

3. For the purposes of this Schedule, the term:
- (a) “foreign expenditures” means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient;
  - (b) “local expenditures” means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Recipient;
  - (c) the term “Incremental Operating Costs” means the costs incurred for the purpose of maintaining equipment and vehicles, fuel, office supplies, utilities, consumables, travel per diems and allowances, travel and accommodation (excluding salaries of the Recipient’s government civil servants); and,

- (d) “Subproject Grant” means a grant made or proposed to be made out of the proceeds of the Financing, Co-Financing and the Recipient’s government counterpart contribution by the Recipient for the purposes of implementing Subprojects.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawals shall be made:
  - (a) for payments made prior to the date of this Agreement; and,
  - (b) for payments under Category (3) unless the Recipient, through the Kenya National Audit Office (KNAO), has sent a letter to the Association confirming that the KNAO will ensure that all Subprojects and the funds from the respective Sub-financings will be audited and findings incorporated in the overall audited Financial Statements.
2. The Closing Date is December 31, 2011.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each May 15 and November 15 commencing November 15, 2017 to and including May 15, 2027	<b>1%</b>
commencing November 15, 2027 to and including May 15, 2047	<b>2%</b>

\*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

### Definitions

1. “AIDS” means the Acquired Immune Deficiency Syndrome;
2. “Annual Consolidated Work Plan” means the national work plan and the Project Implementing Entity (as hereinafter defined) work plan both prepared on an annual basis;
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006;
4. “Audit Committee” means a committee set up by the Project Implementing Entity (as hereinafter defined) with the general oversight role with regards to governance, accountability and transparency at the Project Implementing Entity;
5. “Beneficiary” means a public sector entity, a CSO (as hereinafter defined), a private sector entity or a research institution, which has met the eligibility criteria set out in the Operations Manual and is eligible to receive a Subproject Grant (as hereinafter defined) pursuant to Sub-financing Agreement (as hereinafter defined) for the carrying out of a Subproject (as hereinafter defined);
6. “CACC” means a Constituency AIDS Control Committee;
7. “Call for Proposal” or “CfP” means the grant award mechanism designed for implementation under the Project;
8. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement;
9. “CBO” means a community-based organization;
10. “Civil Society Organization” or “CSO” means a civil society organization including NGO, CBO and FBO (as some of these terms are defined hereinafter);
11. “Co-financier” means United Kingdom’s Department for International Development (DfID) referred to in paragraph 10 of the Appendix to the General Conditions;
12. “Co-financing” means an amount of seventeen million Pounds Sterling (£17,000,000), to be provided by the Co-financier to assist in financing the Project;

13. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing;
14. “Co-Financiers’ Agreement” means the agreement to be entered into between the Association and the Co-financier relating to the co-financing of this Project;
15. “Compliance Verification Agent” means an independent agent to be appointed by the Project Implementing Entity in accordance with Section 5.01 (b) of the Agreement to check compliance at all levels with the laid down rules in the processing and approval of proposals;
16. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October, 2006;
17. “Decentralized Structures” means CACCs, DTCs and NACC field offices;
18. “DTC” means a District Technical Committee;
19. “FBO” means a faith based organization;
20. “Finance and Administration Committee” means the Committee referred to in Section 1(A)(2) of Schedule 2 to this Agreement;
21. “Financial Management Agent” or “FMA” means an entity hired by Project Implementing Entity under terms of reference satisfactory to the Association with the responsibility for handling the disbursements of Subproject Grants;
22. “Fiscal Year” or “FY” means the Recipient’s fiscal year commencing on July 1 and ending on June 30 of the following year;
23. “HIV” means the Human Immuno-deficiency Virus;
24. “Inter-Agency Coordinating Committee” or “(ICC)” means the Committee referred to in Section 1(A)(3) of Schedule 2 to this Agreement;
25. “Joint HIV and AIDS Program Review” or “JAPR” means an annual forum for all stakeholders in HIV and AIDS to review progress made in the delivery of KNASP (as hereinafter defined) and to recommend the way forward for the subsequent Fiscal Year;
26. “Kenya National Audit Office” or “KNAO” means the Recipient’s audit office headed by the Controller and Auditor General established under the Constitution of Kenya and

- operating pursuant to the Exchequer and Audit Cap 412 of the Laws of Kenya and the Public Audit Act No. 12 of 2003, or any legal successor thereto;
27. “Kenya Shilling” or “KES” means the currency of the Recipient;
  28. “KNASP” means the Kenya National HIV and AIDS Strategic Plan (2005/6-2009/10) dated July 1,2005 which describes a program of actions, objectives and policies designed to implement activities under the Plan;
  29. “Management Information System” means processes, documentation, software, hardware infrastructure, and human resource capacity for providing and managing information necessary for decision making;
  30. “NACC” means the National AIDS Control Council, a body corporate established in November 1999 pursuant to the Legal Notice No. 170 of 1999 or any legal successor thereto;
  31. “National Health Care Waste Management Plan” or “NHCWMP” means the Recipient’s national plan dated December 31, 2005 for the management of hazardous health/medical waste, as the same may be amended from time to time with prior agreement of the Association;
  32. “NGO” means a non-governmental organization established and operating pursuant to the Non-Governmental Organizations Co-Ordination Act No. 19 of 1990 of the Laws of Kenya;
  33. “Operations Manual” means the manual of procedures referred to in paragraph A.4 of Section I, Schedule 2 to this Agreement, including the supplementary manuals on procurement, financial management and monitoring and evaluation for the implementation of the Project, as the same may be amended from time to time with prior agreement of the Association;
  34. “Performance Auditor” means an independent auditor to be appointed by the Recipient or the Project Implementing Entity in accordance with Part 1 (b) of the Project to assess and compare the results verifiably achieved with the results claimed under the CfP;
  35. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006;
  36. “Procurement Monitoring Agent” means an independent agent to be appointed by the Recipient or the Project Implementing Entity in accordance with Section 5.01 (b) of the Agreement to verify that the procurement activities of the Project are conducted in the manner provided in this Agreement;

37. "Procurement Plan" means the Project Implementing Entities' procurement plan, dated March 7, 2007 covering the initial 18 month period (or longer) of Project implementation, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of the said paragraphs;
38. "Program" means the KNASP (as hereinabove defined) and set forth or referred to in the letter dated April 12, 2007 from the Recipient to the Association;
39. "Programs Committee" means the Committee referred to in Section 1(A)(2) of Schedule 2 to this Agreement;
40. "Project Account" means a bank account opened by the Recipient for the purpose of depositing the Financing and the Recipient's counterpart contribution to the costs of the Project;
41. "Project Agreement" means the agreement between the Association and Project Implementing Entity of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;
42. "Project Implementing Entity" means NACC (as hereinbefore defined);
43. "Project Implementing Entity Legislation" means Legal Notice No. 170 of 1999;
44. "Steering Committee" means the Committee referred to in Section 1(A)(3) of Schedule 2 to this Agreement;
45. "Sub-financing" means an amount to be provided under a Sub-financing Agreement (as hereinafter defined) to assist in financing any Subproject;
46. "Sub-financing Agreement" means an agreement entered into between the Project Implementing Entity and a Beneficiary for purposes of implementing a Subproject;
47. "Subproject" means an agreed set of specific community-based activities carried out or to be carried out by a Beneficiary pursuant to a Sub-financing Agreement; and
48. "Subsidiary Agreement" means the agreement referred to in Section 5.01(a) and in paragraph B.1 of Section I, Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.