Financing Agreement

(Marine Fisheries and Socio-Economic Development Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 — CREDIT

2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of EUR 89,100,000, as such amount may be converted from time to time through a Currency Conversion ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

2.03. The Front-end Fee is one quarter of one percent (¼ of 1%) of the Credit amount.

2.04. The Commitment Charge is one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.

2.06. The Recipient elects to apply the Automatic Rate Fixing Conversion to the Credit. Accordingly, without limitation upon the provisions of Article IV of the General Conditions and unless otherwise notified by the Recipient to the Association in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Credit withdrawn during each Interest Period shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
2.07. The Payment Dates are February 15 and August 15 in each year.

2.08. The principal amount of the Credit shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall: (a) carry out Parts 1 and 3 of the Project through the SDFA&BE of the MoALF; and (b) cause Part 2 of the Project to be carried out by the Participating Counties; all in accordance with the provisions of Article V of the General Conditions, and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that the County Governments Act shall have been amended, suspended, abrogated or waived so as to materially and adversely affect the ability of the Participating Counties to perform any of their respective obligations under this Agreement.

4.02. The Additional Events of Acceleration consist of the following, namely the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The County Participation Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) has been fulfilled; and,

(b) The PIM has been adopted by the Recipient (through the SDFA&BE of the MoALF), and the Participating Counties, in form and substance satisfactory to the Association.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (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 Signature Date.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

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

(b) the Recipient’s Electronic Address is:

Facsimile: 254 20 330426; 254 20 218475

6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
AGREED as of the Signature Date.

REPUBLIC OF KENYA

By

Authorized Representative

Name: UKUR YATANI
Title: CABINET SECRETARY
Date: 2ND JUNE, 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: C. Felipe Jaramillo
Title: COUNTRY DIRECTOR
Date: 02 JUNE 2020
SCHEDULE 1

Project Description

The objective of the Project is to improve management of priority fisheries and mariculture and increase access to complementary livelihood activities in coastal communities.

The Project consists of the following parts:

Part 1: Governance and Management of Marine Fisheries

Supporting the governance and management of the Recipient’s renewable marine resources by:

1.1 Enhancing governance of marine fisheries and blue economy through, inter alia:

(a) strengthening fisheries policy and related regulatory framework, including, for example, on mariculture;

(b) developing MSP to ensure sustainable management of marine fisheries resources, including by, for example, developing an MSP framework, undertaking strategic environmental and social assessments nearshore and offshore, and zoning of areas for specific use; and,

(c) strengthening the management of priority fisheries by implementing fishery improvement processes for selected priority fisheries aimed at systematically improving stocks and related ecosystems and strengthening of MCS of fisheries.

1.2. Improving management of nearshore fisheries through, inter alia:

(a) formulating a co-management governance framework (including developing BMU SOPs);

(b) establishing joint co-management areas; and,

(c) strengthening of BMU capacity on maritime surveillance (in accordance with BMU SOPs), safety-at-sea and boat handling and maintenance.

1.3. Developing infrastructure for fisheries management through, inter alia:

(a) constructing the fisheries headquarters building in Nairobi (Uvuvi house);

(b) upgrading and renovating select coastal county fisheries department and BMU offices, and fishery related infrastructure; and,
(c) constructing a national mariculture resource and training center.

Part 2: Coastal Community Empowerment and Livelihoods

2.1. Enhancing coastal communities' livelihoods by providing financial support in the form of Sub-project Grants to Eligible Beneficiaries for the carrying out of Sub-projects.

2.2. Providing support services for livelihood enhancement and capacity development, including capacity building for management and oversight of Sub-project delivery and community skills development.

Part 3: Project Management and Monitoring and Evaluation

Providing support for Project management at both national and county levels to ensure coordinated and timely execution of Project activities, including, *inter alia*, on the Project's technical aspects, oversight, supervision, reporting, monitoring and evaluation, environmental and social safeguards compliance, procurement, financial management, auditing and accounting, communications and stakeholder engagement.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

MoALF

1. The Recipient shall assign to the State Department for Fisheries, Aquaculture and the Blue Economy (SDFA&BE) of the MoALF the responsibility for the overall implementation of the Project, as further detailed in the PIM.

NPCU

2. The Recipient shall establish and, thereafter, maintain a National Project Coordination Unit (NPCU) within the SDFA&BE, with resources and composed of key staff, with qualifications, experience and under terms of reference acceptable to the Association, including one project coordinator, one procurement specialist, one financial management specialist, one accountant, one environmental and health and safety specialist, one social safeguards specialist, one monitoring and evaluation specialist and any other technical, fiduciary, and safeguard specialists as may have been agreed with the Association, as further detailed in the PIM. The NPCU shall be responsible for the day to day implementation of the Parts 1 and 3 of the Project, including, *inter alia*, managing the related Project’s fiduciary and safeguard aspects, developing Annual Work Plans and Budgets, and monitoring and evaluation and Project reporting, as further detailed in the PIM.

National Project Steering Committee (NPSC)

3. The Recipient shall establish and, thereafter, maintain, throughout Project implementation, a multi-sectoral national Project Steering Committee (NPSC), with terms of reference, and composition satisfactory to the Association, which shall be chaired by a high-level representative of the SDFA&BE and the agriculture committee of the council of governors, and shall comprise high level representatives of other pertinent ministries and public institutions, as further detailed in the PIM. The NPSC shall be responsible for providing high-level operational and strategic guidance on Project implementation, as further detailed in the PIM.

Project Technical Advisory Committee (PTAC)

4. The Recipient shall establish and, thereafter, maintain, throughout Project implementation, a multi-sectoral Project Technical Advisory Committee (PTAC),
with terms of reference, and composition satisfactory to the Association, which shall be chaired by a high-level representative of the Kenya Fisheries Service and the county executive committee agriculture caucus, and shall comprise high level representatives of other pertinent ministries and public institutions, as further detailed in the PIM. The PTAC shall be responsible for providing technical guidance on Project implementation, as further detailed in the PIM.

CPIU

5. For purposes of carrying out Part 2 of the Project, the Recipient shall cause each Participating County to establish and, thereafter, maintain a County Project Implementation Unit (CPIU), with resources and composed of key staff, with qualifications, experience and under terms of reference acceptable to the Association, including one Project coordinator, one procurement specialist, one financial management specialist, one accountant, one environmental and health and safety specialist, one social safeguards specialist, one monitoring and evaluation specialist and any other technical, fiduciary, and safeguard specialists as may have been agreed with the Association, as further detailed in the PIM and the County Participating Agreement. The CPIU shall be responsible for the day to day implementation of the Part 2 of the Project, including, inter alia, managing the related fiduciary and safeguard aspects, and monitoring and evaluation and reporting, as further detailed in the PIM.

County Project Steering Committee (CPSC)

6. The Recipient shall establish and, thereafter, maintain, throughout Project implementation, a multi-sectoral county Project Steering Committee (CPSC), with terms of reference, and composition satisfactory to the Association, which shall be chaired by a high-level representative of the Participating Counties, and shall comprise high level representatives of other pertinent ministries and public institutions, as further detailed in the PIM. The CPSC shall be responsible for providing high-level operational and strategic guidance on the implementation of Part 2 of the Project, as further detailed in the PIM.

Cooperation Memorandums of Understanding

7. The Recipient, through the SDFA&BE and Participating Counties, shall enter into memoranda of understanding, in form and substance acceptable to the Association, with pertinent agencies and entities, for purposes of implementing relevant county-level Project activities, to ensure adequate and timely coordination and implementation of the Project, as further detailed in the PIM.
B. County Participation Agreement.

1. To facilitate the carrying out of Part 2 of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category 2 of the table set forth in Section III.A of this Schedule available to the Participating Counties under a subsidiary agreement ("County Participation Agreement") between the Recipient and each Participating County, under terms and conditions approved by the Association, which shall include the following:

   (a) The Participating Counties shall not be required to repay the proceeds of the Subsidiary Financing received from the Recipient;

   (b) the obligation of each Participating County to carry out Part 2 of the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, managerial, technical, financial, environmental, social, labor and occupational health and safety standards and practices, and provide promptly as needed, the facilities, services and other resources required for Part 2 of the Project;

   (c) the obligation of each Participating County to: (i) exchange views with the Recipient, and the Association with regard to the progress of Part 2 of the Project, and the performance of its obligations under the County Participation Agreement; and (ii) assist the Recipient in complying with its obligations referred to in Section II of this Schedule, as applicable to Part 2 of the Project;

   (d) the obligation of each Participating County to promptly notify the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of Part 2 of the Project, including but not limited any Project-related accidents and incidents, such as, for example, fatalities, or allegations of gender-based violence associated with the Project;

   (e) the obligation of each Participating County to carry out Part 2 of the Project in compliance with the Anti-Corruption Guidelines, Procurement Regulations, Safeguard Instruments and the PIM;

   (f) the obligation of each Participating County to: (i) 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 Part 2 of the Project; and (ii) have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to
the Association, and promptly furnish the statements as so audited to the Recipient and the Association; and,

(g) the right of the Recipient to take remedial actions against each Participating County, in case the said Participating County shall have failed to comply with any of its obligations under the County Participation Agreement, which actions may include, inter alia, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the Subsidiary Financing transferred to each Participating County pursuant to their respective County Participation Agreement (as the case may be).

2. The Recipient shall exercise its rights under the County Participation 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 County Participation Agreement or any of its provisions.

3. In case of any conflict between the terms of the County Participation Agreement and those of this Agreement, the terms of this Agreement shall prevail.

C. Project Implementation Manual (PIM).

1. The Recipient shall, through MoALF and shall cause the Participating Counties to carry out the Project in accordance with the requirements set forth in the PIM. The PIM shall set out detailed guidelines, methods and procedures for the implementation of the Project, including, inter alia: (a) the different roles and responsibilities in the implementation of the Project, including the various mechanisms for ensuring close coordination and collaboration between various Project stakeholders; (b) budget and budgetary control; (c) flow of funds, disbursement procedures and banking arrangements; (d) financial, procurement and accounting procedures; (e) internal control procedures; (f) accounting system and transaction records; (g) reporting requirements; (h) external audit and independent verification arrangements; (i) anti-corruption and fraud mitigation measures; (j) environmental and social safeguards aspects, including a detailed description of the Project grievance mechanism process as well as any process for recording, reporting and notifying Project-related accidents and incidents; (k) and such other arrangements and procedures as shall be required for the effective implementation of the Project.

2. The Recipient shall not assign, amend, abrogate or waive any provision of the PIM without prior written approval of the Association.

3. In case of any conflict between the terms of the PIM and those of this Agreement, the terms of this Agreement shall prevail.
D. Sub-project Grant Agreements under Part 2.1. of the Project.

1. For purposes of carrying out Part 2.1. of the Project, the Recipient shall cause each Participating County to make a portion of the Financing available under Category 2 as cash (Sub-project Grants), each Sub-project Grant to be provided under an agreement (Subproject Grant Agreement) with the respective Eligible Beneficiary on terms and conditions approved by the Association, and in accordance with the Project Grants Manual and the PIM, said Sub-project Grant Agreement to include the following:

(a) The Sub-project Grant shall be made on grant terms;

(b) The Recipient shall cause the Participating Counties to obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the Eligible Beneficiary to use the proceeds of the Sub-project Grant, or all or any part of the amount of the Sub-project Grant then withdrawn, upon the Eligible Beneficiary’s failure to perform any of its obligations under the Sub-project Grant Agreement; and,

(ii) require each Sub-project Grant to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, labor and social standards and practices satisfactory to the Association, including in accordance with the Financing Agreement, the Safeguard Instruments, the Procurement Regulations, and the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works, non-consulting services and services to be financed out of the Sub-project Grant in accordance with the provisions of the Procurement Regulations and 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 Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the subproject; and (2) at the Association’s, the Recipient’s or the Participating County’s request, have such financial statements audited by independent auditors acceptable to the Association, in
accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient, the Participating County and the Association; (F) enable the Recipient, the Participating County and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient, the Participating County and the Association all such information as the Recipient, the Participating County or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall cause the Participating County to exercise its rights under each Sub-project Grant 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 in writing, the Recipient shall cause the Participating County not to assign, amend, abrogate or waive any Sub-project Grant Agreement or any of its provisions.

3. In case of any conflict between the terms of a Sub-project Grant Agreement and those of this Agreement, the terms of this Agreement shall prevail.

E. Annual Work Plan and Budget.

The Recipient, through the MoALF, shall prepare and furnish to the Association for its approval, not later than September 30 of each fiscal year of the Recipient during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plans and Budget containing all activities to be carried out in the following fiscal year of the Recipient, modified in a manner satisfactory to the Association, taking into account the Association’s comments and views on the matter.

F. Safeguards.

1. The Recipient shall ensure (including through the Participating Counties) that the Project is carried out in accordance with the Safeguards Instruments, and that no provision of the Safeguard Instruments is amended, suspended, abrogated, repealed or waived without the prior written approval of the Association.

2. The Recipient shall ensure (including through the Participating Counties) that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of the Safeguard Instruments; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx; and (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, and gender-based violence; all as applicable to such civil works commissioned or carried out pursuant to said contracts.
3. The Recipient shall take the following actions in a manner acceptable to the Association:

(a) Project activities shall be screened in accordance with the ESMF, RPF, PF and VGMF to determine if any ESMP, RAP or VGMP is needed;

(b) for each activity under the Project for which the ESMF, the RPF, the PF and/or the VGMF provide for the preparation of an ESMP, a RAP and/or a VGMP:

   (i) proceed to have such ESMP, RAP and VGMP as appropriate: (A) prepared and disclosed in accordance with the ESMF, the RPF and the VGMF, respectively; (B) consulted upon adequately with people affected by the Project as per the ESMF, the RPF and VGMF, respectively, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and

   (ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP, RAP and VGMP in a manner satisfactory to the Association;

(c) all measures are taken to implement the RAPs in a manner and timeframe satisfactory to the Association. To this end, the Recipient shall ensure that:

   (i) funds are made available to cover all the costs of implementing the RAPs;

   (ii) no works under the Project shall be commenced until: (A) all measures required to be taken under said RAP prior to the initiation of said works shall have been taken, including but not limited Project affected persons (including illegal occupants) being compensated at full replacement cost, resettled and provided with assistance in accordance with the RPF and resettlement action plan(s); (B) the Recipient has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP and detailing that the implementation, monitoring and evaluation of such resettlement action plan is completed and reported in a manner satisfactory to the Association; and (C) the Association has confirmed that said works may be commenced.

4. Without limitation to paragraph 1(b) of Section III.B of this Schedule, no works shall be eligible for financing unless and until prior to the commencement of such
works: (a) an ESMP was prepared, adopted and disclosed by the Recipient, in accordance with the ESMF; and (b) in case such works are expected to cause involuntary resettlement or vulnerable groups are present in the area, a RAP and VGMP, as applicable, was prepared, adopted, disclosed and implemented by the Recipient, in accordance with the RPF and VGMF, as needed.

5. Without limitation to excluded expenditures set forth in the PIM, the following shall not be eligible to be carried out and/or funded under the Project:

(a) Any activities that would lead to conversion or degradation of critical natural habitats or their supporting areas; and,

(b) any activities (including surveillance activities) in Disputed Areas.

6. The Recipient shall maintain, throughout Project implementation, and publicize the availability of a grievance and feedback mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

7. The Recipient shall ensure that all technical assistance and capacity building activities undertaken under the Project, application of whose results would have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association's environmental and social safeguards policies and the Recipient's own laws relating to the environment and social aspects.

8. The Recipient shall ensure that any pertinent Project service providers, at all times throughout the period of Project implementation:

(a) take all measures necessary on its part to collect, compile, and furnish to the Association through Project Reports, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the Safeguard Instruments and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, among other things: (i) the status of implementation of the Safeguard Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguard Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;

(b) promptly notify the Association of any incident or accident related to or having an impact on the Project, including but not limited any Project-
related allegation of gender-based violence or alleged violation of Project-related labor and working conditions, which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the Safeguard Instruments, and the instruments referenced therein.

9. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Credit

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Credit to: (a) finance Eligible Expenditures; (b) repay the Preparation Advance in the amount allocated and, if applicable, up to the percentage set forth against each Category in the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training and Incremental Operating Costs for Parts 1, 2(b) and 3 the Project</td>
<td>61,211,900</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-project Grants under Part 2(a) of the Project</td>
<td>25,928,100</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>1,960,000</td>
<td>Amount payable pursuant to Section</td>
</tr>
</tbody>
</table>
### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
   
   (a) for payments made prior to the Signature Date;
   
   (b) for Sub-project Grants under Category (2) unless and until a Project Grants Manual is prepared and approved by the Recipient and each Participating County, in form and substance satisfactory to the Association.

2. The Closing Date is March 31, 2025.

### Section IV. Other Undertakings

1. Without limitation to its obligations under this Agreement and under Section 5.03 and 9.01 of the General Conditions, which set out that the Procurement Regulations apply to the Project, the Recipient hereby represents and warrants that the Procurement Regulations prevail over the requirements set forth in Recipient’s applicable procurement laws and regulations, including but not limited to Kenya’s Procurement Act.
**SCHEDULE 3**

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Credit and the percentage of the total principal amount of the Credit payable on each Principal Payment Date ("Installment Share").

### Level Principal Repayments

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15</td>
<td></td>
</tr>
<tr>
<td>Beginning August 15, 2025</td>
<td></td>
</tr>
<tr>
<td>through February 15, 2045</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Annual Work Plan and Budget” means the annual work program and budget to be prepared by the Recipient, and referred to in Section I.E. of Schedule 2 to this Agreement.

2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

4. “BMU” means a Recipient’s beach management unit.

5. “BMU SOP” means the standard operating procedures to be established by a BMU with the support of the Project.

6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

7. “Coastal Communities” means communities residing in the Participating Counties.

8. “County Governments Act” means the County Government Act No. 17 of 2012

9. “County Participation Agreement” means the agreement referred to in Section I.B. of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to each Participating County, as the same may be amended from time to time with the prior written agreement of the Association; and such term includes all schedules to the County Participation Agreement.

10. “CPSC” or “County Project Steering Committee” means the steering committee to be established by the Participating Counties and referred to in Section I.A. of Schedule 2 to this Agreement.
11. "CPIU" or "County Project Implementation Unit" means the implementation unit referred to in Section I.A. of Schedule 2 to this Agreement.

12. "Eligible Beneficiary" means a group of fishers and/or farmers or others that have complied with the requirements under the PIM and the PGM, and registered in accordance with the PIM and PGM, operating in the territory of the Participating Counties and to whom a Participating County has extended a Sub-project Grant under a Sub-project Grant Agreement for a Sub-project under Part 2.1 of the Project.

13. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework prepared and adopted by the Recipient, dated June 2019, and disclosed in country by the Recipient on June 27, 2019 and by the Association on June 27, 2019, describing, inter alia, the modalities to be followed in screening Project activities in order to assess and determine the need to prepare an ESIA and/or ESMP, including the measures to be taken to offset, reduce, or mitigate adverse environmental and social impact, procedures for the management of chance finds of physical cultural resources and procedures to ensure protection, maintenance, and rehabilitation of natural habitats, as the same may be amended from time to time with the prior written agreement of the Association.

14. "Environmental and Social Management Plan" or "ESMP" means an Environmental and Social Management Plan, to be prepared, adopted and disclosed by the Recipient, and acceptable to the Association, and giving details of the magnitude of the environmental and social impacts, including procedures for the management of chance finds of physical cultural resources and procedures to ensure protection, maintenance, and rehabilitation of natural habitats, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies, as the same may be amended from time to time with the prior written agreement of the Association.


16. "Incremental Operating Costs" means the reasonable incremental operating expenses, approved by the Association and included in the Annual Work Plan and Budget of the Project, incurred by the SDFA&BE or its regional offices and Participating Counties on account of the Project implementation, management and monitoring, including operation and maintenance costs of office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, public awareness-related media expenditures, travel, supervision costs,
and salaries of Project implementation support staff, but excluding the salaries of officials and public servants of the Recipient’s civil service.

17. “MCS” means monitoring, control and surveillance.

18. “MoALF” means the Ministry of Agriculture, Livestock and Fisheries of the Recipient, or such other Ministry as may from time be responsible for agriculture.


20. “NPCU” means the National Project Coordination Unit to be established within SDFA&BE, and referenced in Section I.A. of Schedule 2 to this Agreement.

21. “NPSC” or “National Project Steering Committee” means the committee to be established by the Recipient and referred to in Section I.A. of Schedule 2 to this Agreement.

22. “Participating Counties” means the governments of the following counties of the Recipient: Kwale, Kilifi, Mombasa, Tana River, and Lamu.

23. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement dated January 9, 2017.

24. “Process Framework” or “PF” means the Process Framework prepared and adopted by the Recipient, dated June 2019, and disclosed in country by the Recipient on June 27, 2019 and by the Association on June 27, 2019, as the same may be amended from time to time with the prior written agreement of the Association.

25. “Project” means the project as described in Schedule 1 to this Agreement.

26. “Project Implementation Manual” or the acronym “PIM” means the manual for the Project to be prepared by the Recipient and referred to in Section I.C. of Schedule 2 to this Agreement.

27. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.

28. “Project Grants Manual” or the acronym “PGM” means the manual to be prepared by the Recipient and the Participating Counties for purposes of Part 2 of the Project and referred to in Section 1.D. of Schedule 2 to this Agreement.
29. "PTAC" or "Project Technical Advisory Committee" means the technical committee to be established by the Recipient and referred to in Section I.A. of Schedule 2 of this Agreement.

30. "Resettlement Action Plan" or "RAP" means in respect of any activity involving resettlement, a resettlement plan for such activity prepared, adopted, disclosed and implemented by the Recipient, and acceptable to the Association, such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on, compliance with such RAP, as the same may be amended from time to time with the prior written agreement of the Association.

31. "Resettlement Policy Framework" or "RPF" means the resettlement policy framework prepared and adopted by the Recipient, dated June 20, 2019, and disclosed in country by the Recipient on June 27, 2019 and in the Association's website on June 27, 2019 setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the prior written agreement of the Association.

32. "Safeguard Instruments" includes the ESMF, the RPF, the PF, VMGF, and the ESMPs, the RAPs, the VMGPs for the Project.

33. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

34. "State Department for Fisheries, Aquaculture and the Blue Economy" or the acronym SDFA&BE means the state department in charge of management and development of fisheries, aquaculture and the blue economy within MoALF.

35. "Sub-project" means a subproject to be carried out by an Eligible Beneficiary under Part 2.1 of the Project, in accordance with the Subproject Grant Agreement, the PIM and the Project Grants Manual.

36. "Sub-project Grant" means a grant made or to be made by each Participating County out of the proceeds of the Financing to an Eligible Beneficiary for a Subproject, and referred to in Section I.D. of Schedule 2 of this Agreement.
37. "Sub-project Grant Agreement" means an agreement between each Participating County and an Eligible Beneficiary providing for a Sub-project Grant, and referred to in Section I.D. of Schedule 2 of this Agreement.

38. "Training" means the reasonable cost of training under the Project, as approved by the Association and included in the Annual Work Plan and Budget, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.

39. "VGMF" means the vulnerable groups management framework, which have been prepared, adopted by the Recipient, dated June 2019, and disclosed in the Recipient's territory June 27, 2019 and in the Association's website June 27, 2019 as approved by the Association, setting forth the modalities for dealing with any Project-related impacts on vulnerable groups under the Project, as the same may be amended from time to time with the prior written agreement of the Association.

40. "VGMP" means each of the vulnerable groups management plans to be prepared, adopted by and disclosed by the Recipient in the Recipient's territory and in the Association's website as approved by the Association, in accordance with the VGMF, setting forth the modalities for dealing with any Project-related impacts on vulnerable groups under the Project, as the same may be amended from time to time with the prior written agreement of the Association.