COOPERATION AGREEMENT

This Cooperation Agreement is made and entered into this 21st day of Nov 2008 by and between the AFREPREN/FWD ‘Cogen for Africa’ project, having its principal offices at AFREPREN/FWD House, Elgeyo Marakwet Close, P.O Box 30979 – 00100 GPO, Nairobi, and KIBOS SUGAR & ALLIED INDUSTRIES Ltd (the Project Developer), having its principal offices at LR 11273 (Fomerly 664/27) (collectively, the “Parties”).

This Cooperation Agreement expresses the interest of both parties to cooperate and its effective implementation will occur after preparation of a more detailed and legally binding Grant Agreement between the AFREPREN/FWD Cogen for Africa Project and the Project Developer.

NOW, THEREFORE, the Parties agree as follows:

Signing of this cooperation agreement precedes any Grant Agreement that could be reached between the two parties.

PART 1: SCOPE OF SUPPORT FROM AFREPREN/FWD ‘COGEN FOR AFRICA’ PROJECT

The AFREPREN/FWD Cogen for Africa Project is limited to non-capital project development support and can provide any or a combination of the following Technical Assistance activities:

A. **Pre-feasibility Study financing**: Subject to request from the Project Developer, availability of resources and subject to approval by Project Steering Committee (PSC), the AFREPREN/FWD ‘Cogen for Africa’ Project shall assist in providing partial grant\(^1\) financing support to the Project Developer for the requisite pre-feasibility study.

B. **Full Feasibility Study financing**: Subject to request from the Project Developer, availability of resources and subject to approval by Project Steering Committee (PSC), the

\(^1\) Specific contribution of the AFREPREN/FWD Cogen for Africa Project to be subject to prioritization of resource allocation of the Cogen for Africa Project.
AFREPEN/FWD ‘Cogen for Africa’ Project shall assist in providing partial grant\(^1\) financing support to the Project Developer for the requisite full feasibility study.

C. **Funds mobilization and financial packaging:** Subject to request from the Project Developer, availability of resources and subject to approval by Project Steering Committee (PSC), the AFREPEN/FWD ‘Cogen for Africa’ Project can assist in mobilizing low-cost financing from banks such as the African Development Bank and provide co-financing support\(^1\) to the Project Developer for the requisite financial packaging as well as compiling a bankable project proposal.

D. **Technology selection:** Subject to request from the Project Developer, availability of resources and subject to approval by Project Steering Committee (PSC), the AFREPEN/FWD ‘Cogen for Africa’ Project can assist in selecting the right technology and equipment to meet the project’s objectives.

E. **PPA negotiations:** Subject to request from the Project Developer interested in selling excess electricity to the national grid, availability of resources and subject to approval by Project Steering Committee (PSC), the AFREPEN/FWD ‘Cogen for Africa’ Project can provide some co-financing support\(^1\) to the Project Developer to negotiate for an attractive price and Power Purchase Agreement.

F. **Pre-investment consultancy support:** Subject to request from the Project Developer, availability of resources and subject to approval by Project Steering Committee (PSC), the AFREPEN/FWD ‘Cogen for Africa’ Project can provide co-financing support\(^1\) for pre-investment consultancy services. The support could either be in form of the AFREPEN/FWD ‘Cogen for Africa’ Project providing the expertise or co-financing the consultancy fees to the selected consultancy firm.

G. **Pre-contract engineering services support:** Subject to request from the Project Developer, availability of resources and subject to approval by Project Steering Committee (PSC), the AFREPEN/FWD ‘Cogen for Africa’ Project can provide co-financing support\(^2\) for pre-contract engineering services. The support can be in form of co-financing\(^2\) the consultancy fees to the selected consultancy firm.

\(^2\) Specific contribution of the AFREPEN/FWD Cogen for Africa Project to be subject to prioritization of resource allocation of the Cogen for Africa Project.
H. **Post-contract project management services support:** Should the Project Developer require support for general project management and supervision, the AFREPREN/FWD ‘Cogen for Africa’ Project can provide some co-financing support, subject to availability of resources and approval by Project Steering Committee (PSC).

I. **Training, study visits and tours:** Subject to request from the Project Developer, availability of resources and subject to approval by Project Steering Committee (PSC), the AFREPREN/FWD ‘Cogen for Africa’ Project can provide co-financing support to the Project Developer for capacity building. Specialized training is especially required for existing staff where there is a new installation of relatively higher boiler pressures and generation capacity. The training could be in form of class-based courses, workshops or on-site and hands-on (apprenticeship/supervised) training. Where possible and subject to availability of resources and to approval by Project Steering Committee (PSC), the AFREPREN/FWD ‘Cogen for Africa’ Project can also provide co-financing support for the Project Developer to undertake study visits and tours cogeneration installations such as the one they intend to implement.

J. **Access to AFREPREN/FWD Publications:** Subject to request from the Project Developer and availability of resources, AFREPREN/FWD shall provide access to its publications, reports and data to the Project Developer for the purposes of cogeneration project development.

**PART 2: OBLIGATIONS OF PROJECT DEVELOPER**

Pursuant to the eligibility criteria of the AFREPREN/FWD Cogen for Africa project for support, the following will be the expected obligations of the Project Developer.

A. **Provide relevant data and information:** The Project Developer shall share any relevant background data and information, relevant technical and financial information pertaining to the project development in order for the AFREPREN/FWD ‘Cogen for Africa’ Project to provide sufficient support to the project. The information provided by the Project Developer shall be protected and treated as confidential by the AFREPREN/FWD ‘Cogen for Africa’ Project.

B. **Allow project visits by AFREPREN/FWD staff:** The Project Developer shall allow the AFREPREN/FWD ‘Cogen for Africa’ Project Staff to visit the investment from time to time.
until May 2013 (or end of the AFREPEN/FWD Cogen for Africa project in case of extension of project) in order to keep track of its progress.

C. Allow project visits by potential investors and other parties: The Project Developer shall allow visits from other potential investors and other interested parties (including Government agencies, donor agencies, other project developers in the region etc) in cogeneration organized by the AFREPEN/FWD ‘Cogen for Africa’ Project during the project development and after project commissioning. The visiting potential investors should not be current or potentially future competitors to the Project Developer sponsor (i.e. potential investors shall come from different industries/sectors and/or countries). The project developer will be notified of intent of visit at least one week prior to visit date.

D. Allow counting of installed generation capacity: The AFREPEN/FWD ‘Cogen for Africa’ Project has an explicit target of encouraging the development of 40 MW (electricity and thermal). It is, therefore, expected that the projects developed with support from the AFREPEN/FWD ‘Cogen for Africa’ Project shall count towards meeting the aforementioned 40MW target, as well as the associated leveraged investment co-financing in US dollars terms, and would be explicitly acknowledged in an official letter from a senior representative of the Project Developer.

E. Acknowledge support from AFREPEN/FWD ‘Cogen for Africa’ Project: It shall be imperative that the support from the AFREPEN/FWD ‘Cogen for Africa’ Project is explicitly acknowledged in form of an official letter and in the company’s publications (e.g. brochures, newsletters, website, etc).

F. Be open to financing bids from the African Development Bank: Subject to the Project’s requirement for financing and interest from the African Development Bank, the project developer will allow the African Development Bank (which is one of the co-implementing agencies of the AFREPEN/FWD Cogen for Africa project) to bid for financing of the investment project and compete with other financial institutions that the project developer has approached.

G. Allow publicising the project by AFREPEN/FWD: The Project Developer shall allow the AFREPEN/FWD ‘Cogen for Africa’ Project to publicise non-confidential information regarding the project and the support provided by the AFREPEN/FWD Cogen for Africa project.
PART 3: CONFIDENTIALITY

With due regard to paragraph G in Part 2 above, all information submitted by the Project Developer shall be treated as confidential and its sharing shall be limited to among AFREPREN/FWD, UNEP/GEF, AfDB, other co-financing institutions and the consultants selected by the Project Developer for project development purposes only. Sharing the aforementioned information with any other party shall be subject to express permission, in writing, granted by the Project Developer.

IN WITNESS WHEREOF, the Parties having agreed to the terms and conditions set forth herein signify their intention to be bound thereto through the signatures of their duly authorized representatives which are set forth below.

Company Name: KIBOS SUGAR & ALLIED IND. LTD.
Signature: [Signature]
Name: R. S. Chettle
Position: MANAGING DIRECTOR
Date: 21st Nov 2008

AFREPREN/FWD
Signature: [Signature]
Name: C. Kamau
Position: [Position]
Date: 24/11/08

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