

**OFFICIAL
DOCUMENTS**

CR. 5765 KE

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

April 15th, 2016

Mr. Henry Rotich
Cabinet Secretary
The National Treasury
P.O. Box 30007 – 00100
Treasury Building
Harambee Avenue
Nairobi, Kenya

Dear Mr. Rotich:

**Re: IDA Financing Credit No. 5765-KE
(Kenya: Devolution Support Program)
Additional Instructions: Disbursement**

I refer to the Financing Agreement (“Agreement”) between the International Development Association (“Association”), and the Republic of Kenya (the “Recipient”) for the above-referenced project, of even date herewith. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of the Credit No. 5765-KE (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The capitalized terms used in this Disbursement Letter have the meanings ascribed to them in this Disbursement Letter or in the Financing Agreement (as the case may be).

I. Disbursement Arrangements

(i) Withdrawal Applications. Applications for withdrawal from the Financing Account (“Withdrawal Applications”) of amounts of the Financing allocated to individual Disbursement Linked Results (“DLR”) may, pursuant to the provisions of Section IV.A of Schedule 2 of the Financing Agreement, be sent to the Association at any time after the Association has notified the Recipient in writing that it has accepted evidence of achievement of the specific DLR.

Please note that the proceeds of DLRs 7 and 8 will be disbursed from the Association to the Recipient in two equal tranches every six months, as specified in the POM

(ii) Withdrawal Amount. The Withdrawal Application may be for an amount not to exceed the amount of the Financing confirmed by the Association for the specific DLR in respect of which the withdrawal is requested, as specified in the Association’s notice to the Recipient.

(iii) Disbursement Deadline Date. The period of disbursement of the Financing ends six months after the Closing Date (“Disbursement Deadline Date”). This is the final date established by the Association for receipt by the Association of Withdrawal Applications. Normally, to support orderly closure of the Financing Account, the Association does not accept Withdrawal Applications received after the Disbursement Deadline Date. The Recipient should promptly inform the Association of any expected implementation delays or exceptional administrative issues before these dates. The Association will notify the Recipient of any exception that the Association may make to the Disbursement Deadline Date.

(iv) Deposits of Financing Amounts. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient. Such account to be opened by the National Treasury at the Central Bank of Kenya, specifically to receive USD disbursements, however will not be program specific. .

(v) Withdrawal Conditions. Please refer to the Withdrawal Conditions under Section IV.B of Schedule 2 of the Financing Agreement

II. Withdrawal Applications

(i) Authorized Signatories for Withdrawal Applications. Applications for this Financing will be signed by the officials authorized to sign Applications as indicated in your letter of July 28, 2015 reference MOF/ERD/23/63/K/(127).

(ii) Withdrawal Applications. Please provide completed and signed Withdrawal Applications, to the address indicated below:

The World Bank, Loan Department
13th Floor Delta Center
Menengai Road
Upper Hill
P.O. Box 30557-00100
Nairobi Kenya
Tel +254 20 2936 000
Attention: Loan Department

(iii) Electronic Delivery. The Association may permit the Recipient to electronically deliver to the Association Withdrawal Applications through the Association’s Client Connection, web-based portal. The option to deliver Withdrawal Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Withdrawal Applications and to receive secure identification credentials (“SIDC”) from the Association for the purpose of delivering such Withdrawal Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Withdrawal Applications electronically by completing Form

2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Withdrawal Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Withdrawal Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Withdrawal Applications. By designating officials to use SIDC and by choosing to deliver the Withdrawal Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of Secure Identification Credentials”) provided in Attachment 1; and (b) to abide by those terms and conditions.

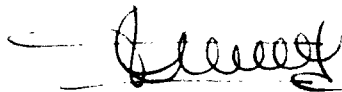
III. Other Important Information

For additional information on disbursement arrangements and electronic delivery of Withdrawal Applications, please visit our secure website “Client Connection” at <https://clientconnection.worldbank.org>.

If you have not already done so, the Association recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to prepare and deliver Withdrawal Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and other information. All Recipient officials authorized to sign and deliver Withdrawal Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Christiaan Nieuwoudt, Finance Officer at loa-afr@worldbank.org or a member of the Loan Department team responsible for the Kenyan portfolio using the above reference.

Yours sincerely,



Diarietou Gaye
Country Director for Kenya
Africa Region

Attachments

1. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013

**Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

March 1, 2013

The World Bank (Bank)¹ will provide secure identification credentials (SIDC) to permit the Borrower² to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

¹ "Bank" includes IBRD and IDA.

² "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.
3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.
2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.
3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:
 4. ***Security***
 - 4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
 - 4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.
 - 4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
 - 4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. ***Reservation of Right to Disable SIDC***

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User's Account or both.

6. ***Care of Physical Tokens***

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at <http://www.rsa.com>.

7. ***Replacement***

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User's Account.