

OFFICIAL DOCUMENTS

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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JANUARY 9, 2018

Honorable Henry Kiplagat Rotich
Cabinet Secretary of the National Treasury
The National Treasury
P.O. Box 30007
Treasury Building, Harambee Avenue
Nairobi, Kenya

***Re: Republic of Kenya: Advance Agreement for Preparation of the
Marine and Fisheries Socioeconomic Development Project
Project Preparation Advance No. V131***

Additional Instructions: Disbursement

Honorable Member:

I refer to the Advance Agreement (“Agreement”) between the Republic of Kenya (“Recipient”) and the International Development Association (“World Bank”) for the preparation of 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 Project Preparation Advance V131 (“PPA”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached *Disbursement Guidelines for Investment Project Financing*, dated February 1, 2017, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the PPA is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the PPA:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Refinancing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.

II. Withdrawal of PPA Proceeds

(i) Authorized Signatures (subsection 3.1). Applications for this Financing will be signed by the official(s) authorized to sign Applications as indicated in your letter of August 25, 2014 signed by the Cabinet Secretary of the National Treasury, Mr. Henry Rotich.

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank
Delta Center, 13th Floor
Menengai Road, Upper Hill
Nairobi, Kenya
Contact Telephone number: +254 20 2936 000
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank 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 Applications and to receive secure identification credentials ("SIDC") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver 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 Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the 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 2; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of all Applications is twenty percent (20%) of the Designated Account ceiling.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** USD
- **Financial Institution at which the Designated Account will be opened (subsection 5.5):** Central Bank of Kenya
- **Ceiling (subsection 6.1):** USD 200,000

III. Reporting on Use of PPA Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
 - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures / contracts; and
 - List of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 4)
- **For reporting eligible expenditures paid from the Designated Account:**
 - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures / contracts; and
 - List of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 4)
 - A reconciliation of the Designated Account, in the form attached (Attachment 5), with a copy of the bank statement.
- **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): monthly

(iii) Other Supporting Documentation Instructions: All replenishment requests must be supported by bank statements and Designated Account reconciliation statement.

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the PPA, and retrieve related policy, financial, and procurement information.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<http://clientconnection.worldbank.org>). From this website, you will be able to download Applications, monitor the near real-time status of the PPA, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the World Bank 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 using the above reference.

Yours sincerely,



Diarietou Gaye
Country Director
Eritrea, Kenya, Rwanda and Uganda

Attachments - *KIP*

1. *Disbursement Guidelines for Investment Project Financing*, dated February 1, 2017
2. *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
3. Form of "Statement of Expenditure"
4. Form of Payments Against Contracts Subject to the World Bank's Prior Review.
5. Designated account Reconciliation Statement