

OFFICIAL DOCUMENTS

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

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November 14, 2017

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

Dear Mr. Rotich:

Republic of Kenya: Infrastructure Finance & Public Private Partnership (IFPPP) Project
Additional Financing: IDA Financing - 6121 KE
First Restatement- Disbursement Letter
Additional Instructions: Disbursement

I refer to the Financing Agreement (“Agreement”) between the Republic of Kenya (“Recipient”) and the International Development Association (“Association”) for the above-referenced Project of even date herewith. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of Financing 6121 KE (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter is the first amendment of the Disbursement Letter dated August 7, 2017 to restate the DA currency, add a designated account that will be used for DLI payments and supporting documents required. All other provisions of the Disbursement Letter dated August 7, 2017 except as amended, shall remain in force and effect.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, (“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 Financing 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 Financing:

- Reimbursement

- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Financing Agreement.

II. Withdrawal of Financing 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 applications for withdrawal, together with supporting documents to the address indicated below:

The World Bank
Delta Center, 13th Floor
Menengai Road, Upper Hill
Nairobi, Kenya
Tel: +254 20 293 6000
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 Applications is USD200,000

(vi) Advances (sections 5 and 6).

- **Type of Designated Accounts (subsection 5.3):** Segregated
 - DA-AA for category 1 expenditures
 - DA-B for category 2 EEP
- **Currency of Designated Accounts (subsection 5.4):** Euro
- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):** Central Bank of Kenya (CBK)
- **Ceiling (subsection 6.1):**
 - DA AA-Forecast for 2 quarters as provided in the quarterly Interim Financial Report submitted
 - DA B- Euro 10 million

III. Reporting on Use of Financing Proceeds

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

- **For requests for Reimbursement and for reporting expenditures paid from the Designated Account:**
 - Interim Financial Report in the form attached (Attachment 3); and
 - List of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 4)
- **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices and documentary evidence of delivery and the Recipient's acceptance of contracted goods or services
- **For requests for Special Commitments:** Copy of the letter of credit and Pro-forma Invoice

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Accounts (subsection 6.3): Quarterly

(iii) Withdrawal Conditions; Withdrawal Period

For EEP, please refer to the Financing Agreement for the Withdrawal Conditions and DLI's, under Section IV, Part B of Schedule 2 and Schedule 4. The supporting document will be the use of IFRs (attachment 4) and the form of DLI verification report (attachment 5).

IV. Other Disbursement Instructions

Funds may be transferred on a regular basis from the Designated Account to a project account managed by the Implementing Agency to be maintained in Kenya Shillings. The project account will also be opened at the CBK or in financial institutions acceptable to the Association.

V. 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 financing, 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 financing, 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 WFALA-AFR@worldbank.org using the above reference.

Yours sincerely,



Diarietou Gaye
Country Director
Africa Region

Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
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 insert "Interim Financial Report"
4. Form of Payments Against Contracts Subject to the World Bank's Prior Review
5. Form of DLI verification report

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