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

Dear Mr. Rotich:  

Re: Grant No. TF-A5636 (Case Study on Integrated Delivery of Selected Tackling Non-Communicable Disease Challenges in Kenya Project)  
Additional Instructions: Disbursement  

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors"), under the Pharmaceutical Governance Fund and the Republic of Kenya (the "Recipient") for the above-referenced project, dated ________________ . The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF-A5636 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached Disbursement Guidelines for Investment Project Financing, dated February, 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 Grant 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 Grant:

- 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 Grant Agreement. Any changes to this date will be notified by the World Bank.

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

II. Withdrawal of Grant 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 May 4, 2017 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 SIDIC 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 SIDC”) provided in Attachment 3; 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 USD 100,000

(vi) Advances (sections 5 and 6).

- **Type of Designated Account[s] (subsection 5.3):** Segregated
- **Currency of Designated Account[s] (subsection 5.4):** USD
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** Central Bank of Kenya
- **Ceiling (subsection 6.1):** USD 500,000

III. Reporting on Use of Grant 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:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts requiring the Bank’s prior review as well as all contracts exceeding USD 500,000 for goods; USD 200,000 for consulting firms and USD 100,000 for individual consultants.
  - Statement of Expenditure in the form attached (Attachment 4) for all other expenditures; and
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)

- **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** Please submit the Designated Account Reconciliation in the form attached (Attachment 6) with the relevant Bank Statement.

[V.] Other Important Information

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

32/ If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver 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 World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact WFALA at LOA-AFR@worldbank.org using the above reference.

Yours sincerely,

Diarietou Gaye
Country Director
Eritrea, Kenya, Rwanda and Uganda
Africa Region

Drafted by: Jean Owino (WFALA)

Cleared and Sudeshna Banerjee (AFCE2)
Concurred by: Marjorie Mpundu (LEGAM)

Attachments
1. Disbursement Guidelines for Investment Project Financing, dated February, 2017
2. Form for Authorized Signatures
4. Form of “Statement of Expenditure”
5. Form of Payments Against Contracts Subject to the World Bank's Prior Review
6. Designated Account Reconciliation Statement
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Dear [Country Director]:

Re: Grant No. TF-A5636 (Case Study on Integrated Delivery of Selected Tackling Non-Communicable Disease Challenges in Kenya Project)

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors"), under the Pharmaceutical Governance Fund and the Republic of Kenya (the "Recipient"), dated , providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal [and applications for a special commitment] under this Grant.

For the purpose of delivering Applications to the World Bank, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

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1 Instruction to the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the World Bank.

2 Instruction to the Recipient: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the World Bank.

3 Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign: if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the World Bank.

4 Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the World Bank.
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) will provide secure identification credentials (SIDC) to permit the Borrower 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

6 “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
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.
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category No.</th>
<th>Name of Supplier, Contractor or Consultant</th>
<th>Brief Description of Goods, Works or Services</th>
<th>Total Amount of Contract (Include all currencies)</th>
<th>Currency of Expenditure</th>
<th>Total invoice amount covered by this application (net of retention)</th>
<th>Eligible % of financing</th>
<th>Currency and eligible amount paid (7)x(8)</th>
<th>US$ Equivalent paid from Special Account**</th>
<th>Date of Payment</th>
<th>Exchange Rate**</th>
<th>Remarks or Invoice references, including no-objection telex date</th>
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**TOTALS** | $
**DESIGNATED ACCOUNT RECONCILIATION STATEMENT**

**LOAN/CREDIT/PPF/COFINANCIER NUMBER __________________**

**ACCOUNT NUMBER __________________ WITH (BANK) __________________**

1. **TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)** $ ________________

2. **LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK** - $ ________________

3. **EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE SPECIAL ACCOUNT (NUMBER 1 LESS NUMBER 2)** = $ ________________

4. **BALANCE OF SPECIAL ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE ________________** $ ________________

5. **PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. ________________** + $ ________________ *

6. **PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: ________________** + $ ________________ *

7. **PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS**

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<th>APPLICATION NO.</th>
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**SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED** + $ ________________

8. **MINUS: INTEREST EARNED** - $ ________________ *

9. **TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)** = $ ________________

10. **EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:**

**DATE: __________________ SIGNATURE: __________________**

**TITLE: __________________**