Mr. Henry Rotich  
Cabinet Secretary  
The National Treasury  
Treasury Building  
Nairobi, Kenya

Dear Mr. Rotich:

Re: GPEF Grant TF018863-KE (Kenya Primary Education Development Project)  
Additional Instructions: Disbursement

I refer to the Grant Agreement ("Agreement") between the International Development Association (the "Association"), acting as administrator of the Global Partnership for Education Fund ("GPEF") and Republic of Kenya (the "Recipient") providing the above-referenced project, of even date herewith. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds from the GPEF Grant TF018863-KE ("Grant").

This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions and is a first restatement of the Disbursement Letter dated June 4, 2015, restating Section (II), par (vi) bullet point (iv) to introduce a new ceiling of USD 14,000,000 instead of USD 1,500,000 for DA“B”.

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 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 four months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the Association.

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

II. Withdrawal of Grant Proceeds

(i) Authorized Signatories for Withdrawal Applications. An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Withdrawal Applications:

The World Bank
Delta Center
Upper Hill, Menengai Road
Nairobi, Kenya Attention: Diarietou Gaye

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

The World Bank, Loan Department
Delta Center, 13th Floor
Upper Hill, Menengai Road
P.O. Box 30577 - 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 devices (“Tokens”) 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 Tokens 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 Tokens to Process Withdrawal Applications.** By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and 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 200,000 USD.

(vi) **Advances (sections 5 and 6)** The Recipient may request advances of amounts of the Grant and may be deposited into designated accounts (DA’s) as follows:

- **Type of Designated Account (subsection 5.3):** Segregated
  - DA “A” For advances made against Category I as indicated under Section IV A. 2 of the Agreement
  - DA “B” For advances made against Category 2 as indicated under Section IV A. 2 of the Agreement

- **Currency of Designated Accounts (subsection 5.4):** USD

- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):** Central Bank of Kenya (“CBK”)

- **Ceiling (subsection 6.1):**
  - DA “A”: USD 6,000,000
  - DA “B”: USD 14,000,000

**III. Reporting on the 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 reporting eligible expenditures paid from the Designated Accounts:**
  - Statement of Expenditure in the form attached (Attachment 3) for all expenditures;
  - List of payments against contracts that are subject to the Association’s prior review, in the form attached (Attachment 4)
  - A reconciliation statement for each Designated Account, along with a copy of the bank statement of each Designated Account, in the format attached (Attachment 5) for reporting of eligible expenditures paid from the Designated Accounts.
• **For requests for Direct Payment and Special Commitments**: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices and documentary evidence of delivery and acceptance of contracted goods or service.

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Accounts (subsection 6.3)**: Not less frequent than quarterly.

**IV. Other Disbursement Instructions**

Funds from the DA “B” may be transferred into a project account at the CBK in Shilling and thereafter directly to the school’s GPE bank accounts for grants. Funds from DA “A” will be transferred to the main Project Account (PA) opened by Ministry of Education (MOE) at CBK and will be used to make any MOE related project expenditures and to replenish project accounts opened by Teachers Service Council (TSC), Kenya National Examination Council (KNEC) and at the counties. The funds in these project accounts need to be accounted for in the Designated Account Reconciliation Statements (attachment 6) together with each Application for Withdrawal.

**V. 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](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](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 Grant, 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 Kenya portfolio using the above reference.

Yours sincerely,

[Signature]

Diarietou Gaye
Country Director
Eritrea, Kenya, Rwanda & Uganda
Africa Region
Attachments
2. Form for Authorized Signatures
4. Form of insert “Statement of Expenditures”
5. Form of “Payments Against Contracts Subject to the World Bank’s Prior Review”
6. Form of “Designated Account Reconciliation Statement”

Prepared by: George da Silva (WFALA)

Cleared with and cc: Ruth Charo, Task Team Leader

Cc with copies: National Treasury
Ministry of Education
Terms and Conditions of Use of Secure Identification Devices 
in connection with Use of Electronic Means to Process Applications and Supporting Documentation

January 20, 2010

The World Bank (Bank)\(^1\) will provide secure identification devices (Tokens) to permit the Borrower\(^2\) 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.

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 Tokens 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 delivery of Tokens. 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. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

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\(^1\) “Bank” includes IBRD and IDA.

\(^2\) “Borrower” includes the borrower of an IBRD loan, IDA Grant, or Project Preparation Facility advance and the recipient of a grant.
3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.

3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

4.3. The Token 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 Token User believes a third party has learned his/her PIN or has lost his/her 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 Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

**Care of Tokens**

4.6. 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, 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. 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 Token.

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

5. **Replacement**

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

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

6. **Reservation of Right to disable Token**

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

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.
## Statement of Expenditures

<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 Grant</th>
<th>Currency and eligible amount paid (7)x(8)</th>
<th>USS 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 **

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<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of WB's Non Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
<th>WB's Share of Amt Paid to Supplier during Period</th>
</tr>
</thead>
</table>

Payments Made during Reporting Period
Against Contracts Subject to the Bank's Prior Review

Attachment 5
Designated Account Reconciliation Statement

Credit No.:
Bank and Account No.:

Part I
1. Cumulative advances to end of current reporting period
2. Cumulative expenditures to end of last reporting period
3. Outstanding advances to be accounted (1-2)

Part II
4. Opening DA balance at beginning of reporting period (per Bank statement attached, as of …..)
5. Add/Subtract: Cumulative adjustments, including interest earned and recoveries by WB, (if any)
6. Advances received from the World Bank during current reporting period
7. Closing DA balance at end of current reporting (per Bank statement attached, as of …….)
8. Outstanding amount of advances to be accounted for (4+5+6-7)
9. Total Expenditures reported for current reporting period, including this Application

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<th>Applic No.</th>
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Total (9)
10. Difference (if any) 9-8

Remarks

Approved by: