

TF015579

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) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 27, 2014

CPA Edwin Makori
Acting Chief Executive Officer
Institute of Certified Public Accountants of Kenya
P.O. BOX 59963 - 00200
Nairobi, Kenya

Re: Republic of Kenya: IDF Grant for Strengthening the Accounting
Profession in Kenya Project
IDF Grant No. TF015579

Dear Sir:

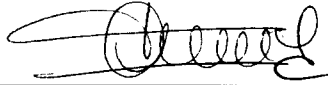
In response to the request for financial assistance made on behalf of the Institute of Certified Public Accountants of Kenya (ICPAK) ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient for the benefit of the Republic of Kenya ("Member Country"), a grant from the World Bank's Institutional Development Fund ("IDF") in an amount not to exceed six hundred ninety eight thousand United States Dollars (U.S.\$698,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.


Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement

shall become effective as of the date of countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By 
Diarietou Gaye
Country Director for Kenya
Africa Region

AGREED:
REPUBLIC OF KENYA

By 
Authorized Representative
Name Edwin N Makori.
Title CEO - ICPAK
Date: 27th JANUARY 2014

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated February 15, 2012 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following term has the following meaning:

- (a) “ICPAK” or “Institute of Certified Accountants of Kenya” means the body that regulates the accounting and auditing profession in Kenya, established pursuant to the Accountants Act, Chapter 531 of the Laws of Kenya dated 1978 and reenacted by the Accountants Act No 15 of 2008;
- (b) “ICPAK Secretariat” means the decision body for ICPAK created pursuant to Section 10(1) of the Account CAP 531 of 1978 and reenacted by the Accountants Act No 15 of 2008; and
- (c) “IPSAS” or “International Public Sector Accounting Standards” means a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

Article II Project
Execution

2.01. **Project Objectives and Description.** The objective of the Project is to contribute to enhancing financial transparency, accountability, and governance in the Recipient’s public and private sectors, through capacity strengthening of the Institute of Certified Accountants of Kenya (ICPAK).

The Project consists of the following parts:

Part 1: Enhancing Capacity at the ICPAK Secretariat to Meet International Standards

Carrying out a program of activities aimed at strengthening ICPAK Secretariat’s technical ability to regulate the accounting profession in the Member Country’s territory, through:

- (a) setting-up a quality review and assurance program based on international good practice to enhance ICPAK’s monitoring capacity; and
- (b) developing a searchable web-based e-learning knowledge center and database accessible to ICPAK members, accounting students and members of the public.

Part 2: Strengthening Accounting Profession in Private and Public Sectors in Devolved Environment

Carrying out a program of activities aimed at strengthening the accounting profession in both the private and public sector with the aim of meeting international standards, through:

- (a) developing and piloting a training program on quality of audit for small and medium-size audit firms (SMPs) for public sector audit and for audit of donor-financed projects;
- (b) developing and piloting a training program for practical experience for accounting students and trainee accountants; and
- (c) developing a budgeting and financial reporting framework for devolved environment on the basis of IPSAS.

Part 3: Audit

Carrying out two audit reports for the Grant.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the ICPAK Secretariat in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon Section 2.02 of this Annex, the Recipient shall maintain throughout the implementation of the Project, the ICPAK Secretariat with a composition and terms of reference satisfactory to the World Bank to be responsible for the implementation of the Project.

2.04. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The Recipient shall, upon the World Bank’s request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than (45) forty five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) General. All goods and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"), in the case of goods and non-consulting services;

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods. Goods shall be procured under contracts awarded on the basis of Shopping.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Least Cost Selection; (C) Selection based on Consultants' Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Article III Withdrawal of
Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods	30,000	100%
(2) Consultants' Services	530,000	100%
(3) Training	138,000	100%
TOTAL AMOUNT	698,000	

For the purposes of this Section, the term "Training" means the reasonable costs of training under the Project attributable to seminars and workshops, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

Article IV
Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Chief Executive Officer.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Institute of Certified Public Accountants of Kenya
P.O. BOX 59963 - 00200
Nairobi, Kenya

Facsimile: +254 20 8562206

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391