



OFFICIAL DOCUMENTS

March 20, 2018

Amb. Libérat Mfumukeko
Secretary General
East African Community
P.O Box 1096
Arusha, Tanzania

**Re: Africa: Advance Agreement for Preparation of Proposed Lake Victoria Environmental
Management Project Phase Three (LVEMP3)
Project Preparation Advance No. V1590
Additional Instructions: Disbursement and Financial Information Letter.**

Honorable Secretary:

I refer to the Advance Agreement between the East African Community (“Recipient”) and the International Development Association (“World Bank”), for the preparation of the above-referenced Project. The General Conditions, as defined in the Advance Agreement, provide that the Recipient may from time to time request withdrawals of Advance amounts from the Advance Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the World Bank may specify from time to time by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”), and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Advance Funds, and Reporting of Uses of Advance Funds.

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“Disbursement Guidelines”) are available in the World Bank’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>. The Disbursement Guidelines are an integral part of the DFIL, and the manner in which the provisions in the guidelines apply to the Advance is specified below.

(i) Disbursement Arrangements

- **General Provisions** (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

(ii) Electronic Delivery. Section 11.01 (c) of the General Conditions.

The World Bank may permit the Recipient to electronically deliver applications (with supporting documents) through the World Bank’s web-based portal (<https://clientconnection.worldbank.org>) “Client Connection”. This option may be effected if the officials designated in writing by the Recipient who are authorized to sign and deliver Applications have registered as users of “Client Connection”. The designated officials may deliver Applications electronically by completing the Form 2380, which is accessible through

“Client Connection”. By signing the Authorized Signatory Letter, the Recipient confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the World Bank by electronic means. 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. 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, available in the World Bank's public website at <https://worldbank.org> and “Client Connection”; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits.

(i) Financial Reports. The Recipient must prepare and furnish to the World Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFR”) for the Project covering the quarter.

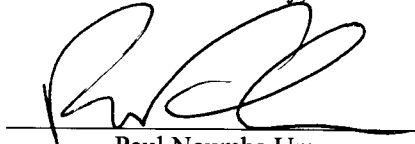
(ii) Audits. Each audit of the Financial Statements must cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period must be furnished to the World Bank not later than six 6 months after the end of such period.

III. Other Information.

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the World Bank's website (<http://www.worldbank.org/>) and “Client Connection”. The World Bank recommends that you register as a user of “Client Connection”. From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Advance, 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 cnieuwoudt@worldbank.org, with copy to Juvenia Cohen, Finance Analyst at jcohen2@worldbank.org using the above reference.

Yours sincerely,



Paul Noumba Um

Coordinating Director for Regional Integration, Southern and Eastern Africa
Africa Region

Attachments

1. Statement of Expenditure (SOE)
2. Payments against contracts subject to the Bank's prior review

3. Designated Account Reconciliation Statement

With copies: Dr. Ali Matano
 Executive Secretary
 Lake Victoria Basin Commission (LVBC)
 Kisumu, Kenya

 Dr. Raymond Mngodo
 Regional Project Coordinator
 Lake Victoria Basin Commission (LVBC)
 Kisumu, Kenya

Schedule 1 : Disbursement Provisions

| | | | | |
|---|----------------------------|---|---|----------------------|
| Credit Number | Country | East African Community | Closing Date | December 31, 2019 |
| | Recipient | East African Community | | |
| | Name of the Project | | Disbursement Deadline Date <i>Subsection 3.7 **</i> | Same as closing date |
| Disbursement Methods <i>Section 2 (**)</i> | Methods | Supporting Documentation <i>Subsections 4.3 and 4.4 (**)</i> | | |
| Direct Payment | Yes | Copy of records | | |
| Reimbursement | Yes | Statement of Expenditure (SOE) | | |
| Designated Account | Yes | Statement of Expenditure (SOE), Payments against contracts subject to the Bank's Prior Review and the Designated Account Reconciliation Statement in the formats provided in Attachments 1, 2 and 3 of the DFIL | | |
| Special Commitments | No | Copy of Letter of Credit | | |
| Type | Segregated | Ceiling | Fixed | |
| Financial Institution - Name | Central Bank of Kenya | Currency | USD | |
| Frequency of Reporting <i>Subsection 6.3 (**)</i> | Monthly | Amount | 100,000 | |
| The minimum value of applications for Reimbursement, Direct Payment is USD 20,000 | | | | |
| <p>The World Bank, Delta Center 13th Floor, Menengai Road, Upper Hill, Nairobi Kenya (Tel: +254 20 293 6000) <i>Notice that all information will be sent to the same address, and to the regional TL.</i></p> | | | | |

**** Sections and subsections relate to the "Disbursement Guidelines for Investment Project Financing", dated February 2017.**

Attachment 1 – Statement of Expenditures

STATEMENT OF EXPENDITURES

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|----------|----------------|--|---|---|-------------------------|---|-------------------------|---|---|-----------------|-----------------|--|
| Item No. | Category No. * | Name of Supplier, Contractor or Consultant | Brief Description of Goods, Works or Services | Total Amount of Contract (Include all currencies) | Currency of Expenditure | Total invoice amount covered by this application (net of retention) | Eligible % of financing | Currency and eligible amount paid (7)x(8) | US\$ Equivalent paid from Special Account** | Date of Payment | Exchange Rate** | Remarks or Invoice references, including no-objection telex date |
| | | | | | | | | | | | | |
| | | | | TOTALS | | | | | \$ | | | |

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

| Contract Number | Supplier | Contract Date | Contract Amount | Contract | Amount Paid to Supplier during Period | WB's Share of Amt Paid to Supplier during Period |
|------------------------|-----------------|----------------------|------------------------|-----------------|--|---|
| | | | | | | |

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

CREDIT 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

| <u>APPLICATION NO.</u> | <u>AMOUNT *</u> |
|------------------------|-----------------|
| _____ | _____ |
| _____ | _____ |

- 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:

11. DATE: _____ SIGNATURE: _____
 TITLE: _____

FOR INTERNAL DISTRIBUTION ONLY

Christiaan Nieuwoudt

Cleared with and cc: Beth Anne Hoffman
Jian Xie

Cc: Michael Okuny