

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.

Washington, D.C. 20433

U.S.A.

# OFFICIAL DOCUMENTS

CA 5847-VN  
D122-VN

(202) 473-1000

Cable Address: INTBAFRAD

Cable Address: INDEVAS

02<sup>nd</sup> August, 2016

Hon. Gaetan Pikioune  
Minister of Finance and Economic Management  
Ministry of Finance and Economic Management  
Private Mail Bag 9058  
Port Vila  
VANUATU

Dear Minister,

**Republic of Vanuatu: IDA Credit No. 5847-VN and IDA Grant No. D122-VN**  
**Vanuatu Infrastructure Reconstruction and Improvement Project**  
***Additional Instructions: Disbursement Letter***

I refer to the Financing Agreement between the Republic of Vanuatu (the "Recipient") and the International Development Association (the "Association") for the above-referenced project, dated 02<sup>nd</sup> August, 2016. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of IDA Credit No. 5847 (the "Credit") and IDA Grant No. D1220 (the "Grant") (Credit and Grant, collectively, the "Financing"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

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 four (4) months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

**(iii) Disbursement Condition (subsection 3.8).** Please refer to the disbursement condition in the Financing Agreement.

## **II. Withdrawal of Financing Proceeds**

**(i) Authorized Signatures (subsection 3.1).** 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 Applications:

The World Bank  
Level 19, 14 Martin Place  
CML Building  
Sydney NSW 2000, Australia

Attention: Franz Drees-Gross, Country Director

**(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  
26<sup>th</sup> Floor, One Global Place  
5<sup>th</sup> Avenue corner 25<sup>th</sup> Street, Bonifacio Global City  
Taguig City, Philippines

Attention: Loan Department

**(iii) Electronic Delivery (subsection 3.4)** The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association's Client Connection, web-based portal. The option to deliver 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 Applications and to receive secure identification credentials ("SIDC") from the Association 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 Association agrees, the Association 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 Association 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 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 for Reimbursement, Direct Payment and Special Commitment is VUV 10,000,000 for IDA Credit No.5847 and IDA Grant No.D1220 respectively.

**(vi) Advances (sections 5 and 6).**

- **Type of Designated Account (subsection 5.3):** Pooled. One (1) pooled designated account will be established for the Project.
- **Currency of Designated Account (subsection 5.4):** Vanuatu Vatu (VUV)
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** The Reserve Bank of Vanuatu.
- **Ceiling (subsection 6.1):** VUV200,000,000 for IDA Credit No.5847 and IDA Grant No.D1220 respectively, or a combined ceiling of VUV400,000,000.

**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**
  - List of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 4), with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices); and
  - Statement of Expenditure in the form attached (Attachment 5) for all other expenditures/contracts.
- **For reporting eligible expenditures paid from the Designated Account:**
  - List of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 4), with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices);
  - Statement of Expenditure in the form attached (Attachment 5) for all other expenditures/contracts; and
  - Designated Account reconciliation in the form attached (Attachment 6) and related bank statement.
- **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):** Quarterly or more frequent if needed.

**IV. Other Disbursement Instructions:**

- i) The pooled designated account will be managed by the Ministry of Finance and Economic Management. The Recipient uses a central treasury account and a separate General Ledger code will be created in the Smartstream accounts for the Project, including the IDA Credit and

- the IDA Grant account respectively, to record funds receipts and disbursements, while funds physically sit in the one central treasury account.
- ii) This Disbursement Letter may not be fully adapted to the disbursement of funds allocated from time to time to Category 3 of the disbursement table included in Section IV.A.2 of Schedule 2 to the Financing Agreement. The Disbursement Letter will be revised, if needed, when funds are allocated to Category 3 of the disbursement table.
  - iii) For each Application for Withdrawal, the Recipient shall specify the source of the Association's financing (i.e. IDA Credit No.5847 or IDA Grant No.D1220).

## V. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Association's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

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>). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, 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 Association by email at <[clientconnection@worldbank.org](mailto:clientconnection@worldbank.org)>.

If you have any queries in relation to the above, please contact World Bank Loan Department at WFALN MANILA@worldbank.org using the above reference.

Yours sincerely,



Mona Sur  
Acting Country Director  
Timor-Leste, Papua New Guinea  
& Pacific Islands  
East Asia and Pacific Region

Attachments

NOT  
ATTACHED

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Sample Form for Authorized Signatures
3. *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
4. Sample Form of Statement of Expenditures
5. Sample Form of Payments Against Contracts Subject to the Association's Prior Review
6. Sample Form of Designated Account Reconciliation Statement

Cc with copies: Mr. Tony Sewen  
Acting Director General  
Ministry of Finance and Economic Management

Mr. Johnson Naviti  
Director General  
Prime Minister's Office

Mr. Jesse Dick  
Director General  
Ministry of Education

Mr. Johnson Binaru  
Director General  
Ministry of Infrastructure and Public Utilities

Mr. Samuel Namuri  
Director  
Public Works and Utilities

Mr. Benjamin Shing  
Director  
Department of Strategic Planning Policy and Aid Coordination