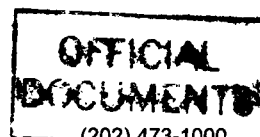CR -5678-LK

OFFICIAL
DOCUMENTS

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) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

October 23, 2015

The Secretary
Ministry of Finance
The Secretariat
Colombo 1, Sri Lanka

Excellency:

<div align="center">

Re: IDA Financing Number 5678-LK
(Early Childhood Development Project)
Additional Instructions: Disbursement

</div>

I refer to the Financing Agreement between the Democratic Socialist Republic of Sri Lanka ("Recipient") and International Development Association (the "Association"), for the above-referenced project, dated October 23, 2015. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of IDA 5678- LK. 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 Credit 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 Credit:

- Reimbursement
- Advance

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

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)

> The World Bank
> P.O.Box 1761
> Colombo 1, Sri Lanka
> Attention: Country Director, Sri Lanka

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

> The World Bank
> No. 11, Taramani Main Road
> Taramani, Chennai – 600 113
> India
> Attention: Team Lead, WFALN

(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 for reimbursement applications is equivalent of US$ 500,000.

(vi) Advances (sections 5 and 6).

- *Type of Designated Account (subsection 5.3):* Segregated

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

- *Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):* Central Bank of Sri Lanka.

- *Ceiling (subsection6.1):* Forecast of two quarters as provided in the Interim Unaudited Financial Report.

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 reporting eligible expenditures paid from the Designated Account and Reimbursement:*

  - Interim Unaudited Financial Report (Attachment 4)
  - List of payments against contracts that are subject to the Association's prior review in the form attached (Attachment 5)

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly.

(iii) Other Supporting Documentation Instructions: Copies of Bank statements for applications related to Designated Account.

IV.   Other Disbursement Instructions

(i)   In respect of claims under category 2 of the withdrawal schedule in the Financing agreement – Grants under part 1(a) of the project, incurred expenses reported by ECD Centers will be reported in the IUFR.

(ii)   All funds transfer would be through banking channels and no cash transfers would take place under the project.
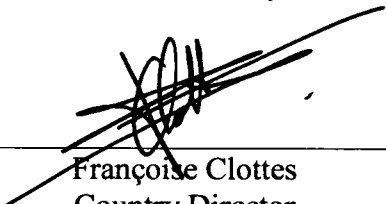
V.   Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank'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.

From the Client Connection website, you will be able to prepare and deliver Applications, monitor the near real-time status of the Credit, and retrieve related policy, financial, and procurement information.

If you have any queries in relation to the above, please contact Mr. Satish Kumar Shivakumar, Finance Officer at satishkumar1@worldbank.org or Loan Department team in Chennai at wfaln_chennai@worldbank.org using the above reference.

Yours sincerely,

Françoise Clottes
Country Director
Sri Lanka and Maldives

Attachments
1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated January 20, 2010
4. Form of Interim Unaudited Financial Report
5. List of payments against contracts subject to the Association's prior review

Form of Authorized Signatory Letter
[Letterhead]
Ministry of Finance
[Street address]

[DATE]

The World Bank
P.O.Box 1761
Colombo 1, Sri Lanka
Attention: Country Director, Sri Lanka and Maldives

Re: IDA Credit No. 5678-LK (Early Childhood Development Project)

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association") and the Democratic Socialist Republic of Sri Lanka (the "Recipient"), dated _____, providing the above Financing. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [1][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 Financing.

For the purpose of delivering Applications to the Association, [2][each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [3][individually] [4][jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

[5][This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by electronic means. In full recognition that the Association shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in*

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[1] Instruction to the Recipient: 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 Association.*

[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 Association.*

[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 Association.*

[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 Association.*

[5] Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the Association.*

connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of SIDC"), the Recipient represents and warrants to the Association that it will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the Association records with respect to this Agreement.

[Name], [position]   Specimen Signature: _____

[Name], [position]   Specimen Signature: _____

[Name], [position]   Specimen Signature: _____

Yours truly,

/ signed /

_____
[Position]

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)[1] will provide secure identification credentials (SIDC) 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.

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.

1.   Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

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[1] "Bank" includes IBRD and IDA.
[2] "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

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

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C.   Use of SIDC.

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

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

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

4. *Security*

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

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.

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

7.   ***Replacement***

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

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

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

Payments made during the period from _____ to _____

Date: _____
Category: _____
Sheet No.: _____

Contract Number	Supplier	Contract Description/Date	Contract Amount	Date of WB'n'tion Objection to Contract	Amount Paid to Supplier during reporting period	WB's share of Amt Paid to Supplier during reporting Period	Amount paid to supplier during project period (cumulative)

ECD Project
WORLD BANK PROJECT NO.........

SOURCES AND USES OF FUNDS
FOR THE QUARTER ENDED   ....

Description	Quarter		Cumulative		Forecast for next 6 months
	budget in LKR	actuals in LKR	budget in LKR	actuals in LKR	USD
Cash Receipts					
IDA					
GOSL Funds					
Revaluation					
Total Financing					
Less: Expenditure					
(categories as per grant/financing agreement)					
Total Expenditure					
Un settled advances					
Receipts Less Expenditure					
(net change in cash)					
Opening Cash Balances					
CBSL Designated Account					
GOSL Project Account					
GOSL Account - CF funds					
Total Opening Cash					
Add: Net change in cash					
Net Cash Available					
Closing Cash Balances					
CBSL Designated Account					
GOSL Project Account					
GOSL Account - CF funds					
Total Closing Cash Balances					

ECD Project
WORLD BANK IDA CREDIT NO.........

USES OF FUNDS BY PROJECT ACTIVITY
FOR THE QUARTER ENDED   ....

Activity ref #s		Quarter			Cumulative for year			Life of project		
		Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance
	(Components and sub components as per the PAD and activities as per annual activity plan)									
	Component 1 **Sub Component** Activity 1 Activity 2									
	Componant 2 **Sub Component** Activity 1 Activity 2 ...... **Componant 3** **Componant 4**									
	Sub Total									

DA Activity Statement
For the Quarter Ended ....

Project Name: _____

IBRD/IDA/TF Loan No.: _____

Deposit Bank: _____A/C No:_____

Currency of DA: _____

PART I		
1. Cumulative advances to end of current reporting period		0
2. Cumulative expenditures to end of last reporting period		0
3. Outstanding Advance to be accounted (line 1 minus line 2)		0
PART II		
4. Opening DA balance at beginning of reporting period (as of _____)		0
5. Add/subtract: Cumulative adjustments (if any)	0	
6. Advances from World Bank during reporting period	0	
7. Add lines 5 and 6		0
8. Outstanding advances to be accounted for (add line 4 and line 7)		0
8a.Outstanding advances to be accounted for relating to category 2 - Grants included in 8. above		
9. Closing DA balance at end of current reporting period (as of _____)	0	0
10. Add/subtract: Cumulative adjustments (if any)	0	
11. Expenditures for current reporting period	0	
12. Add line 10 and line 11		0
13. Add line 9 and line 12		0
14. Difference (if any) (line 8 minus line 13)		0
PART III		
15. Total forecasted amount to be paid by World Bank		0
....		
Total		
16. Less: Closing DA balance after adjusments	0	
17. Direct payments/SC payments	0	
18. Add lines 16 and 17		0
19. Cash requirement from World Bank for next two reporting periods (line 15 minus line 18)		0

ECD Project
WORLD BANK (IDA) CREDIT NO.........

DESIGNATED ACCOUNT EXPENDITURE FOR CONTRACTS NOT SUBJECT TO PRIOR REVIEW
FOR THE QUARTER ENDED ....

Period :

Disbursement Cat./Subcat. (col. 1)	Total Expenditures (col. 2)	% IDA (col. 3)	Eligible for Bank's Financing (col. 4)=(col. 2)*(col. 3)	IDA Share Amount Paid from SA (col. 5)	Government/Other Share (col. 6)
Disbursement categories as stipulated in the Financing Agreement					

Schedule for Grants (category 2):

No.	ECD Centers with number/details	Contract Value	Advance to ECD Centers	Advance to ECD Centers during the present quarter	Total advance to ECD Centers	Expenditure reported during previous quarters with tranche details
	Govt.					
	NGO					
	Private					
	Others					
	Total					

Note:

1. The amount in column H of Schedule for Grants should match with the Grant reported in the DESIGNATED ACCOUNT EXPENDITURE FOR CONTRACTS NOT SUBJECT TO PI

2. The amount in column J should match with 'Outstanding advances to be accounted for relating to category 2 - Grants' in row 8a under the DA Reconciliation statement of this IUFI

XPENDITURE (in USD)

Expenditure reported during this quarter with tranche details	Total Expenditure up to ____	Closing fund with ECD Centers as on	Balance Contract Amount as on ____

RIOR REVIEW statement.
R.

ECD Project
WORLD BANK (IDA) CREDIT NO.........

DESIGNATED ACCOUNT EXPENDITURE FOR CONTRACTS SUBJECT TO PRIOR REVIEW
FOR THE QUARTER ENDED ....

Disbursement Cat./Subcat. (col. 1)	Name & Address of Contractor Contract Reference/Signing Date (col. 2)	Contract Currency & Value (col. 3)	Invoiced Amounts by Currency (col. 4)	% Financed by IDA (col. 5)	Eligible for Bank's Financing in Contract's Currency (col. 6)=(col.4)*(col.5)	Total Amount Paid from DA (col. 7)	Invoice Date, Number; Contract Balance carried forward (col. 8)
Disbursement							
categories as							
stipulated in the							
Financing Agreement							