

OFFICIAL
DOCUMENTS

C2 5766-ET

THE WORLD BANK
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March 17, 2016

Ref: WB-CD/100/17/03/2016

H.E. Ato Abdulaziz Mohammed
Minister
Ministry of Finance and Economic Cooperation
Addis Ababa

Dear Ato Abdulaziz,

**Re: ETHIOPIA - IDA Financing 5766 - ET
(Public Financial Management Project)
Additional Instructions: Disbursement**

I refer to the Financing Agreement between the International Development Association (the "Association") and the Federal Democratic Republic of Ethiopia (the "Recipient") for the above-referenced project, dated March 17, 2016. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing 5766 -ET ("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 4 months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) 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
P. O. Box 5515
Addis Ababa, Ethiopia
Attention: Carolyn Turk, 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, Loan Department,
Delta Center, 13th Floor,
Upper Hill, Menengai Road,
Nairobi, Kenya.
Tel: 254 20 2936 000
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 Direct Payments and Issuance of Special Commitments is USD 1,000,000

(vi) Advances (sections 5 and 6).

- Type of Designated Account[s] (subsection 5.3):** Segregated
- Currency of Designated Account[s] (subsection 5.4):** USD
- Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** National Bank of Ethiopia.
- Ceiling (subsection 6.1):** forecast for 2 quarters as provided in the quarterly Interim 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 requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account:

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

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): the period set out in the Financing Agreement for provision of Interim Financial Reports

IV. 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.

From the Client Connection 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.

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>.

If you have any queries in relation to the above, please contact Jose Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Sincerely,



Carolyn Turk
Country Director for Ethiopia, Sudan and South Sudan
Africa Region

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 Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013
4. Form of insert "Interim Financial Report"
5. Form of Payments Against Contracts Subject to the Bank's Prior Review

cc: Expenditure Management and Control Program unit
Ministry of Finance and Economic Cooperation
Addis Ababa, Ethiopia
infoemcp@mofed.gov.et

Attachment 2

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

[DATE]

The World Bank
 1818 H Street, N.W.
 Washington, D.C. 20433
 United States of America

Attention: [Country Director]

**Re: ETHIOPIA - IDA Financing 5766 - ET
 (Public Financial Management Project)**

I refer to the Financing Agreement (“Agreement”) between the International Development Association (the “Association”) and [*name of Recipient*] (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 _____]

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.*

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 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 Borrower² 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.

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:
 - 4.1. 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. ***Security***

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.

Ministry of Finance and Economic Cooperation

Public Financial Management

Component.....

Interim Unaudited Financial Report

Content

Discussion of Financial Performance, Notes & Explanations

Consolidated Statement of Sources and Uses of Fund

Consolidated expenditure Summary

Consolidated expenditure summary by category

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Fund flow IDA account

Statement of regional cash movement

Ministry of Finance and Economic Cooperation (MOFEC)

Public Financial Management

Discussion of Financial Performance, Notes & Explanations

Ministry of Finance and Economic Cooperation (MOFEC)				
Ethiopia PFM Project				
Sources & Uses of Funds (in Ethiopian Birr/USD)				
For The Quarter Ended				
Particulars	Current Quarter (In ETB)/I	Cumulative Year to date (In ETB)/II	Cumulative (To date) (In ETB Birr)/II(a)	Remarks
Opening Balance				
Designated Account /III	-		-	
IDA Credit Account (Designated USD Acct.)	-		-	
Pooled Birr Account at Federal (see annex 1a)	-		-	
Bank Balance at Regional	-		-	
Tigray Region (Birr Acct)	-		-	
Amhara Region (Birr Acct)	-		-	
Oromia Region (Birr Acct)	-		-	
SNNP Region (Birr Acct)	-		-	
Gambella Region (Birr Acct.)				
Benishangul Gumuz Region (Birr Acct)				
Afar Region (Birr Acct)				
Somali Region (Birr Acct)				
Addis Ababa City Administration				
Dire Dawa City Administration (Birr Acct.)				
Harrari Region (Birr. Acct.)				
OFAG				
FPPA				
Cash On Hand Balance at Federal and Regional	-		-	
Advance at Federal and Regional	-		-	
Payables at Federal and Regional	-		-	
Total Opening Balance	-		-	

Add: Sources				
IDA	-		-	
Total Source For the Period	-		-	
Total Available Fund For The Period		-		
Less : Program Expenditures (ANNEX 1)	-		-	
Total Available Fund less Total Expenditures	-		-	
Foreign Exchange Difference/IV	-		-	
Net Fund Available	-		-	
Ending Balance				
Designated Account	-		-	
IDA Grant & Credit Account (Designated USD Acct.)	-		-	
Pooled Birr Account at Federal	-		-	
Bank Balance at Regional	-		-	
Tigray Region (Birr Acct.)	-		-	
Amhara Region (Birr Acct.)	-		-	
Oromia Region (Birr Acct)	-		-	
SNNP Region (Birr Acct)	-		-	
Gambella Region (Birr Acct.)				
Benishangul Gumuz Region (Birr Acct)				
Afar Region (Birr Acct)				
Somali Region (Birr Acct)				
Dire Dawa City Administration (Birr Acct.)				
Addis Ababa City Administration				
Harrari Region (Birr. Acct.)				

	OFAG			
	FPPA			
Cash On Hand Balance at Federal and Regional	-		-	
Advance at Federal and Regional	-		-	
Payables at Federal and Regional	-		-	
Total Ending Balance	-		-	

NOTES:

I - The amounts are drawn from the ledger accounts of the program

II - Program of the fiscal year

II(a) - Program to date (for the whole life of the project)

III- The following rates were used for conversion: 1US Dollar=XX Birr (Separately for opening and closing balances of DA)

IV - The gain or loss on exchange rate is determined by the rate prevailing at the reporting date.

Prepared
By _____

Approved By

Signature

Signature

Date

Date

Grand Total of the Project								
Prepared By _____								
Signature _____								
Date _____ _____								
Approved By _____								
Signature _____								
Date _____ _____								

Ministry of Finance and Economic Cooperation Ethiopia PFM Project Expenditures Forecasts & Cash Requirements (In Ethiopia Birr & USD) For The 6 Month From----- to -----		
Particulars	ETB	USD
Expenditures for the next Six Months		
Expenditure management and information support system		
Strengthening Accountability Institutions		
Program management and Monitoring and Evaluation		
Total Expenditures for the next Six Months		
Ending cash Balance		
Special Account		
Pooled Birr Account		
Balance at Federal implementers and regional Bank A/C		
Cash On Hand Balance at regional		
Total Ending Balance		
Cash Requirements for The Next Six Months		
Contribution from Donors		
IDA		
Total Contribution from Donors		
Note:- The Exchange rate used is the rate prevailing at the reporting date		
Prepared By _____	Approved By _____	
Signature _____	Signature _____	
Date _____	Date _____	

Ministry of Finance and Economic Cooperation Ethiopia PFM Project Fund flow statement Pooled Bank a/c ___ (Birr) As of		
	<u>Birr</u>	<u>Birr</u>
Balance brought forward		
Cash Transfer From IDA		
Fund available for use		
Fund transfer		
Tigray		
Amhara		
Oromiya		
SNNP		
Gambella		
Benishangul Gumuz		
Afar		
Somali		
Dire Dawa		
Addis Ababa		
Harar		
Total Transfer		
Bank service charge		
Incoming and Out going		-
Total Transfer & bank service Charge		
Cash at Bank		
Prepared By _____	Approved By _____	
Signature _____	Signature _____	
Date _____	Date _____	

Ministry of Finance and Economic Cooperation Ethiopia PFM Project STATEMENT OF FUND FLOW (IDA) DESIGNATED DOLLAR ACCOUNT NO. THE PERIOD, FROM				
	USD	BIRR		
OPENING BALANCE				
Add :Receipt				
Credit Fund Received	-	- -		
Fund Available for use				
Less :Transfer and Expenditure				
Transfer to pool birr account as at				
Expenditures				
Bank services Charges				
Total transfer & expenditure	-	- -		
closing balance				
Actual exchange rate of				
closing balance /Leger birr account/				
Add gain or (Loss) on Foreign exchange Gain				
Balance After Gain of foreign exchange				
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> Prepared By _____ Signature _____ Date _____ </td> <td style="width: 50%; vertical-align: top;"> Approved By _____ Signature _____ _____ Date _____ </td> </tr> </table>			Prepared By _____ Signature _____ Date _____	Approved By _____ Signature _____ _____ Date _____
Prepared By _____ Signature _____ Date _____	Approved By _____ Signature _____ _____ Date _____			

Ministry of Finance and Economic Cooperation	
Ethiopia PFM Project	
STATEMENT OF CASH MOVMENT _____ REGION	
THE PERIOD, FROM	
	At Regional office
	<u>Birr</u>
Opening Balance	
Add :Cash transfers	
Transfers from MOFEC	
Fund Available for use	-
Less :Expenditure	
1. Budget and Expenditure Management	
1.1	
1.2	
2. Strengthening Accountability Institutions	
2.1	
2.2	
2.3	
3. Project management and Monitoring and evaluation	
3.1	
3.2	
Total expenditure	-
Closing balance	-
Breakdown of closing balance	
Cash and Bank balances	
Receivables	
Payables	
Others	
Total Closing Balance Balances	-
Prepared By _____	
Signature _____	
Date _____	

