



OP. - 5708-MG

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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_____, 2015

H.E Gervais Rakotoarimanana
Minister of Finance and Budget
Ministry of Finance and Budget
Antananarivo 101
Republic of Madagascar

***Re: IDA Credit Number 5708-MG
Social Safety Net Project
Additional Instructions: Disbursement***

Excellency:

I refer to the Financing Agreement between the International Development Association (the "Association") and the Republic of Madagascar (the "Recipient") for the above-referenced project of even date herewith. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing 5708-MG ("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
Resident Mission
Antananarivo, Madagascar
Attention: Mark R. Lundell, Country Director for Madagascar

(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
Menegai Road, Upper Hill
Nairobi, Kenya
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 is twenty percent of the Designated Account Ceiling

(vi) Advances (sections 5 and 6).

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

DA A- managed by the FID and linked to Category (1) and Category (2)

DA B- managed by MPSPPW and linked to Category (3)

- **Currency of Designated Account[s] (subsection 5.4):** USD
- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):**
Central Bank of Madagascar.
- **Ceiling (subsection 6.1) ;**
DA A: forecast for 2 quarters as provided in the quarterly Interim Financial Report
DA B: 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:**
 - List of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 4)
 - Interim Financial Report in the form attached (Attachment 5)
- **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)
 - Interim Financial Report 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.

(iii) Other Supporting Documentation Instructions

All the supporting documentation should be maintained by the Recipient for review by the World Bank or independent auditors.

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.

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 Ms. Aissatou Diallo, Senior Finance Officer at WFALDAFR@worldbank.org using the above reference.

Yours sincerely,



Mark R. Lundell
Country Director for Madagascar
Africa Region

Attachments *N/A*

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 Payments Against Contracts Subject to the Bank's Prior Review
5. Form of Statement of Expenditure

Cc with copies: *Fonds d'Intervention pour le Développement (FID)*

Ministry of Population, Social Protection and Gender Affairs