

OFFICIAL DOCUMENTS



Ethiopia Country Office

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May 14, 2018

Ref: WB/CD/157/05/14/2018

H.E. Dr. Abraham Tekeste
Minister
Ministry of Finance and Economic Cooperation
Addis Ababa

Dear Dr. Abraham,

***Subject: Preparation of Proposed Ethiopia Economic Opportunities Program Advance No. V1970
Additional Instructions: Disbursement Letter***

I refer to the Advance Agreement (“Agreement”) between the Republic of Ethiopia (“Recipient”) and the International Development Association for Reconstruction and Development (“World Bank”) for the preparation of the above-referenced Program, dated May 14, 2018. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Program Preparation Advance V1970 (“PPA”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The Disbursement Guidelines for Investment Project Financing, dated February 2017, (“Disbursement Guidelines”) are available in the Association’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 Disbursement Letter, and the manner in which the provisions in the guidelines apply to the PPA 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 PPA:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Refinancing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in Section 3.02 of the Annex to the Agreement.

II. Withdrawal of PPA Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
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 Association
Delta Centre, 13th Floor,
Menengai Road
Nairobi, Kenya
Tel: +254 20 2936 000
Attention: Loan Operations-Anthony Okwako

(iii) Other Information.

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association's website (<http://www.worldbank.org/>) and "Client Connection". The Association 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 [Grant] [Credit], and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Association by email at clientconnection@worldbank.org.

(iv) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is USD 100, 000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account[s] (subsection 5.3):** Segregated for PPA only.
- **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 (NBE)
- **Ceiling (subsection 6.1):** forecast for 2 quarters as provided in the quarterly Interim Financial Report.

III. Reporting on Use of PPA 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:**
 - Interim Financial Report in the form attached (Attachment 2); and
 - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 3).
- **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.

IV. Other Important Information

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

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

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<http://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the PPA, 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 Maiada Kassem, Finance Officer at wfaldafr@worldbank.org. [LOA service account email address] using the above reference.

Sincerely,



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

Attachments

1. Form for Authorized Signatures
2. Form of "Interim Financial Report"
3. Form of Payments Against Contracts Subject to the World Bank's Prior Review

cc:

Dr. Belachew Mekuria
Commissioner
Ethiopian Investment Commission
Addis Ababa

Drafted by: Maiada Kassem, Finance Officer (WFACS)

Cleared by: Margaret Png, Country Lawyer (LEGAM); Jade Ndiaye, Private Sector Specialist, TTL(GFCAE); and Abebe Zerihun, Senior Operations Officer(AFCE3)

Bcc: Carolyn Turk, Anne Bakilana, Nataliya Mylenko, Richard Spencer, Fasika Gebremeskel, Ejigayehu Teka, Abebe Zerihun (AFCE3); Nicole Klingen (AFCET); Maiada Kassem (WFACS); Margaret Png (LEGAM); Jade Ndiaye WBdocs

[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

Dear [Country Director]:

Re: [Project][Program] Preparation Advance No. ____-____ (_____ Project)

I refer to the Advance Agreement (“Agreement”) between the [name of Recipient] (“Recipient”) and the International Bank for Reconstruction and Development (“World Bank”) dated _____, providing for the above [Project][Program] Preparation Advance. For the purposes of Section 3.03 of the Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility, as defined in the Agreement, any [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 [Project][Program] Preparation Advance:

For the purpose of delivering Applications to the World Bank, 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 World Bank.

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 when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

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 World Bank.*

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 World Bank.*

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 World Bank.*

the World Bank by electronic means. In full recognition that the World Bank 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 World Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]⁶

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 World Bank.*

⁶ The letter should be signed by the official designated as the Recipient's Representative in the Advance Agreement.

Project.....Credit no.....
Interim Unaudited Financial Report
For the quarter ended.....

Content

Notes to the IFR-Discussion of Financial performance, Notes & Explanations

Statement of Sources and Uses of Fund

Statement of Uses of Funds by components and category

Statement of Designated account

Supporting schedules

Supporting Documents- Bank Statements, etc

Project.....Credit no.....
Interim Unaudited Financial Report
For the quarter ended.....

Notes to IFR

Notes to the IFR-Discussion of Financial performance, Notes & Explanations

1. Background
2. Discussion on the ending balances
3. Discussion on budget utilization
4. Variance analysis and explanation on major variances
5. Status on FM action plans
6. Aging analysis
7. Challenges
8. Others

Project.....
 PPA No.....
Statement of Source and Use of Funds
 For the quarter ending (Currency in ETB)

	CURRENT QUARTER	CUMMULATIVE CURRENT YEAR	CUMMULATIVE PROJECT LIFE
RECEIPTS:			
PPA			
other income			
TOTAL RECEIPT			
PROJECT EXPENDITURES BY COMPONENT			
1. Component 1-			
1.1			
1.2			
1.3			
1.4			
Sub total			
2. Component 2-			
2.1			
2.2			
2.3			
2.4			
Sub total			
3. Component 3-			
3.1			
3.2			
3.3			
Sub total			
TOTAL Expenditures (Sum of Component 1,2 &3)			
EXCESS OF RECEIPT OVER EXPENDITURES (income less expenditures)			
Add: Foreign exchange difference			
Net EXCESS OF RECEIPT OVER EXPENDITURES			
Reconciliation			
OPENENG BALANCE			
CASH ON HAND			
CASH AT BANK Designated Account			
CASH AT BANK Local Account			
ACCOUNT RECEIVABLE			
LESS: ACCOUNT PAYABLES			
Total Opening balnce			
Closing balance (Net excess of income over expenditure + opening balance)			

Closing balance represented by:-			
CASH on hand			
CASH AT BANK Designated Account			
CASH AT BANK LOCAL Account			
ACCOUNTS RECEIVABLE			
LESS: ACCOUNT PAYABLES			
Total Closing balance			

Prepared
By _____

Signature _____

Date _____

Approved By
Signature _____

Date _____

Project.....
 PPAno
Uses of Funds by Project COMPONRNT AND CATEGORY for the Quarter ending
 in ETB

Project Components & Category	ANNUAL BUDGET	CURRENT QUARTER			CUMMULATIVE CURRENT YEAR			CUMMULATIVE PROJECT LIFE		
		Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance
		ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
Component 1										
Category 1-Goods										
Category 2- Services										
Category 3- Consultant costs										
Sub total										
Component 2										
Category 1-Goods										
Category 2- Services										
Category 3- Consultant costs										
Sub total										
Component 3										
Category 1-Goods										
Category 2- Services										
Category 3- Consultant costs										
Sub total										
TOTAL										

Prepared By _____
 Signature _____
 Date _____

Approved By _____
 Signature _____
 Date _____

Project		
Credit No.....		
Statement of Designated Account, Account No.....		
for the quarter ended		
	USD	USD
Opening Bank Balance		
Add :Receipt		
- Credit fund Received on....		
- Credit fund Received on....		
- Fund Available for use		
Sub total		
Less :- Transfers and Expenditure/payment		
- Others (Bank services Charges, etc)		
Sub total		
Closing Bank Balance		

Prepared By _____
Signature _____
Date _____

Approved
By _____
Signature _____
Date _____

EIC		
PPA		
Cash Flow Forecast		
For the next Six months ending.....		
	In Birr	In USD
Components/ Sub components	For the next six months	For the next six months
Component 1	-	-
Total comp 1		
Component 2		
Total for Component 2	-	-
Component 3		
Total for Component 3	-	-
GRAND TOTAL	-	-
Less: Amount to be paid through direct payment/ special commitment		
Less: DA balance end of the quarter		
Less: Account receivable balance end of the quarter		
Add: Account payable balance end of the quarter		
Net Cash Requirement for the next six months	-	-
Prepared By _____		
Approved By _____		
Signature _____		
Signature _____		
Date _____		
Date _____		

Payments against contracts that are subject to the World Bank's prior review

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

Contract Number	Supplier	Contract Date	Contract Amount	Date of WB's Non-Objection to Contract	Amount Paid to Supplier during Period	WB's Share of Amount Paid to Supplier during Period