

LN 8581-AL

July 1, 2016

The Honourable Audley Shaw, CD, MP
Minister of Finance and the Public Service
Ministry of Finance and the Public Service
30 National Heroes Circle
Kingston 4
Jamaica

**Re: IBRD Loan 8581-JM (Disaster Vulnerability Reduction Project)
Additional Instructions: Disbursement Letter**

Excellency:

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Jamaica (the “Borrower”) for the above-referenced project, dated July 1, 2016. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8581-JM (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions as referred in Section IV., A. 1 of Schedule 2 the Loan Agreement.

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 Loan 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 Loan:

- Direct
- Reimbursement
- Advances

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

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in Section IV. B. 1 of Schedule 2 the Loan Agreement.

II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1).

An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the 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
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: Country Director

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

The World Bank/Banco Mundial
SCN, Quadra 02, Lote A
Edificio Corporate Financial Center
7º andar
70712-900 Brasilia, D.F.
Brazil
Attention: Loan Operations Department

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank's Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower 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 Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower 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 Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(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 Borrower 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 and Direct Payment is US\$ 100,000.00.

(vi) Advances (sections 5 and 6) to the Ministry of Finance and Planning

- ***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):*** Bank of Jamaica (Country’s Central Bank)
- ***Ceiling (subsection 6.1):*** forecast for six (6) months as provided in the Quarterly Interim Financial Report. Once an Emergency Crisis or Emergency is declared and the Bank has agreed with the Disbursement Conditions as specified in Section IV., Part B, paragraph 1 of Schedule 2 the Loan Agreement, the Designated Account ceiling will be increased up to 25% of the aggregate amount of financing indicated in the Emergency Financing Plan, but limited to the total amount of the loan uncommitted balance.

III. Reporting on Use of Loan 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:***
 - Financial Report in the form attached (Attachment 4) for all Categories;
 - For Category 4, if it includes the Social Safety Net transfers (SSN transfers) in the form of grants and cash transfers as part of Emergency Expenditures, an additional list of payments made by MLSS for SSN transfers by benefit type, and a Bank Reconciliation showing SSN transfers made for the Project should be part of the regular Interim Financial Reports submitted by the Project for the period.
 - List of payments against contracts that are subject to the Bank’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): Quarterly

IV. Other Disbursement Instructions

Contingent Financing in the event of an Eligible Crisis or Emergency – Category 4

Disbursements would be made to the Ministry of Finance and Planning to facilitate the use of critical resources in the event that an Eligible Crisis or Emergency is officially declared. Funds would be made available for disbursements once an alert or emergency has been declared and the Borrower complies with specific requirements agreed with the Bank, including a list of the expenditures for financing such as (i) critical emergency goods (e.g., imports, domestically-manufactured goods and goods already imported); (ii) rehabilitation activities, including civil works and related goods and services; (iii) cash grants to priority households in affected geographic areas; (iv) supplemental transfer to Conditional Cash Transfer (CCT) Programme for Advancement Through Health and Education PATH households; and (iv) provision of relief items to affected households and persons in shelter care, as further specified in the CERC Operational Manual and Attachment 6 to this Additional Instructions (Financing and Disbursement of Contingency Emergency Response Component)

Disbursement would be made through advances to the DA to MOFP up to an amount that does not exceed 25% of the aggregate amount of financing indicated in the Emergency Financing Plan, but limited to the total amount of the loan uncommitted balance, to cover defined expenses (Positive List) as described in CERC Operational Manual procedures.

The expenditures will be documented through regular IFRs plus List of Payments made for Social Safety Net transfers and Bank reconciliation showing amounts paid for SSN transfers as defined in Section III of this additional instructions.

The Ministry of Labour and Social Security payment and beneficiary systems will be used to identify eligible beneficiaries and make relevant payments for the cash grants and supplemental payments to eligible PATH beneficiaries. Other CERC activities will be made through the Borrower's regular financial system and Project's designated account.

The Borrower may pre-finance Emergency Expenditures required for the activities set forth in the Emergency Financing Plan in accordance with the provisions established in Section I., Part C, paragraph 1 of Schedule 2 of the Loan Agreement as of the date the emergency has been triggered. Reimbursements will be available after the Notification on Fulfillment of Disbursement Condition is submitted to the Government and Reallocation of loan proceeds is processed by the Bank. The total amount disbursed under Category 4 through both Disbursement Methods (Advances and Reimbursement) cannot exceed the total amount allocated to such Category.

V. Other Important Information

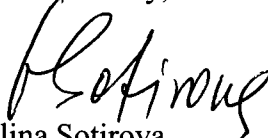
For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

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

If you have not already done so, the Bank 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 Loan, and retrieve related policy, financial, and procurement information. All Borrower 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 Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Tatiana de Abreu, Finance Officer at tdeabreu@worldbank.org using the above reference.

Yours sincerely,



Galina Sotirova

Country Manager for Jamaica

cc with copies: Jamaica Social Investment Fund
11 Oxford Road
Kingston 5
Jamaica

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. Interim Financial Reports
5. Form of Payments Against Contracts Subject to the Bank's Prior Review
6. Financing and Disbursement of Contingency Emergency Response Component

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: Jamaica: IBRD Loan 8581-JM (Disaster Vulnerability Reduction Project)

I refer to the Loan Agreement (“Agreement”) between the International Bank for Reconstruction and Development (the “Bank”) and Jamaica (the “Borrower”), dated _____, providing the above Loan. 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 Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

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

⁵[This confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and

¹ Instruction to the Borrower: 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 Bank.*

² Instruction to the Borrower: 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 Bank.*

³ Instruction to the Borrower: 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 Bank.*

⁴ Instruction to the Borrower: 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 Bank.*

⁵ Instruction to the Borrower: Add this paragraph if the Borrower 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 Bank.*

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 Borrower represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.]

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

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

Ministry of Finance

**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)⁶ will provide secure identification credentials (SIDC) to permit the Borrower⁷ 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.

⁶ "Bank" includes IBRD and IDA.

⁷ "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.

Name of project Sources and Uses of Funds - Amounts in US\$'000 FOR THE YEAR ENDING XXX							
	Current Period			CUMMULATIVE			FORECAST
	Actual	Budgeted	Variance	Actual	Budgeted	Variance	2013
RECEIPTS							
Government							
World Bank							
Designated Account							
Direct Payment							
Retroactive Financing							
Total Receipts (A)							
LESS EXPENDITURES							
Component 1							
Component 2							
Component 3							
Total Expenditures (B)							
RECEIPTS LESS EXPENDITURES							
Net Change in Cash (A - B)							
Foreign Exchange Adjustment							
BANK BALANCES							
Opening Cash Balances							
Designated Account							
Project Account							
Total Opening Balance							
Closing Cash Balances							
Designated Account							
Project Account							
Total Closing Balance							

Name of project Use of Funds by Project Components - Amounts in US\$'0000 FOR THE PERIOD ENDING XXX							
	Current Period			CUMMULATIVE			FORECAST
	Actual	Budgeted	Variance	Actual	Budgeted	Variance	2013
Component 1							
Component 2							
Component 3							

Name Of project Cash Forecast - Amounts in US\$'000 FOR THE PERIOD ENDING XXX	
	US\$'000
Eligible Expenditures to be financed by the World Bank for the Next 2 PERIODS	
Less Direct payments to be made by the World Bank	
Eligible Expenditures to be financed by the World Bank from the Designated Accounts	
Less:	
Current Balance in the Designated Account	
Current Balance in the project account	
Amount Requested to be Advanced to Designated Account	

Name of project Use of Funds by Disbursement Categories - Amounts in US\$'0000 FOR THE PERIOD ENDING XXX						
Categories	Current Period	CUMMULATIVE				Total Allocation per legal agreements
	Actual	Amount per IFR	Amount per Client Connection	Difference	Comments	
1						
2						
3						

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER _____

ACCOUNT NUMBER _____ WITH (BANK) _____

US\$'000

- 1 TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)
- 2 LESS: TOTAL AMOUNT DOCUMENTED BY WORLD BANK
- 3 PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1 - 2)

- 4 BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK RECONCILIATION STATEMENT AS OF DATE _____
- 5 PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. _____
- 6 PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED
 REASON: _____
- 7 PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS
APPLICATION NO.
 WA # XXX
 WA # XX
 SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED
- 8 LESS: INTEREST EARNED
- 9 TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)
- 10 DIFFERENCE (3 - 9)

11 EXPLANATION OF ANY DIFFERENCE SHOWN IN LINE 10

DATE: _____

SIGNATURE: _____

TITLE: _____

Jamaica Disaster Vulnerability Reduction Project: Financing & Disbursement of Contingency Emergency Response Component¹

- A CERC is designed to disburse only after an emergency has occurred, or is about to occur. A disbursement condition for the contingent component should define the circumstances when the funds under the component will become available.
- A CERC can finance the overall emergency response and/or specific emergency works, goods and services. The overriding aim of a contingent component is to improve the response and recovery capacity of the Borrower in case of an emergency.

Disbursement Conditions

CERC disbursement conditions are guided by OP 8.00 (Rapid Response to Crises and Emergencies), OP/BP 10.00 (Investment Project Financing) and Investment Project Financing Instructions, and should be outlined in the Financing Agreement.

Recommended conditions include:

- A clearly established causal relationship between the relevant emergency and the need to trigger the CERC in order to withdraw proceeds from the CERC Disbursement Category
- Prepare and submit an acceptable **Action Plan of Activities** for financing to the World Bank

How is it funded?

CERC is an integral component of the project, but receives only a small or no allocation at the time of project approval².

- In case of an emergency, funds can be re-allocated to this window from other components.
- In some cases, components from which the funds are transferred may become low-priority, or even obsolete, because of the emergency.
- In other cases, funding can typically be restored to components from which funds were transferred by provision of additional financing.

How is it disbursed?

1. For current Projects, including the proposed Jamaica Disaster Vulnerability Reduction Project, once triggered, the Task Team Leader prepares and sends a package as per the Investment Project Financing (IPF) instructions to the Country Lawyer and other Bank colleagues, as needed, for clearance, and to Practice Manager for concurrence. Once cleared, the Country Director decides and sends notice to the Borrower. In this process, the Borrower would only need to send to the Team Lead the evidence of

¹ The definition of emergency is used in accordance with OP/BP 10.00 paragraph 12, indicating a situation of Fragility, Conflict, Capacity Constraint, or Emergency (man-made or natural disaster). The parameters that constitute the requirements to trigger an emergency are predefined by the Borrower and Bank.

² CERCs can be fully funded by commitment from IBRD, IDA (performance-based allocation), or trust funds, or designed as a contingent window, or a combination of both.

compliance to trigger CERC as established in the Loan Agreement and Project Operations Manual. This package will be prepared in advance and be left ready for processing, including Memorandum and Draft Notice to the Borrower.

2. Quick disbursements in the form of Advances would be allowed as soon as Step # 1 is completed through Advances to the Project's Designated Account. In this regard, there should be an agreement on a clear criteria to establish the ceiling for this Advance which will be based on the Emergency Financing Plan prepared by the Borrower and approved by the Bank. In order to expedite disbursements, the Designated Account ceiling will be increased up to 25% of the aggregate amount of financing indicated in the Emergency Financing Plan, but limited to the total amount of the loan uncommitted balance.
3. Reallocation of the loan proceeds among the categories to be processed by the Team through a Level II Project Restructuring (also Bank internal process) as soon as possible. Please note that initial disbursement would have already been made at this point.
4. The GoJ can use their own funds to finance any eligible expenditures as of the date that the emergency is triggered (the Manual should clearly define it) and once the Disbursement Condition is lifted and Reallocation completed (Steps 1 and 3 above), the GoJ can submit applications for Reimbursement and associated documentation of expenditures made with the advance (under Step 2).