

# OFFICIAL DOCUMENTS

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

Washington, D.C. 20433 U.S.A.

(202) 473-1000

Cable Address: INTBAFRAD

Cable Address: INDEVAS

July 17, 2017

Dr. R.H.S. Samaratunga  
Secretary  
Ministry of Finance  
Secretariat  
Colombo 1.

Dear Dr. Samaratunga:

**Re: IBRD Loan 8743-LK (Loan) and IDA Financing 6026-LK (Financing) Accelerating  
Higher Education Expansion and Development Operation Additional  
Instructions: Disbursement**

I refer to the Loan Agreement between the Democratic Socialist Republic of Sri Lanka (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”) and the Financing Agreement between the Democratic Socialist Republic of Sri Lanka (“Recipient”) and the International Development Association (“Association”) providing for the above-referenced Operation, dated July 17, 2017. The Loan Agreement and the Financing Agreement (collectively, “Agreements”) provide that the Bank and the Association (collectively, “World Bank”) may issue to the Borrower and Recipient (collectively, “Borrower”) additional instructions regarding the withdrawal of the proceeds of Loan 8743-LK (“Loan”) and Financing 6026-LK (“Financing”). This letter (the “Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

**I. Withdrawal of Loan and Financing Proceeds**

- (i) **Authorized Signatures.** An authorized signatory letter in the Form attached (**Attachment 1**) 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 for withdrawal:

The World Bank  
1<sup>st</sup> Floor, DFCC Building,  
73/5, Galle Road,  
Colombo 3, Sri Lanka.  
Attention: Country Director, Sri Lanka

**(ii) Applications for withdrawal.** Please provide completed and signed (a) 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, WFALA

**(iii) Electronic Delivery.** The World Bank may permit the Borrower to electronically deliver to the World Bank Applications for withdrawal (with supporting documents, as applicable) through the World Bank's Client Connection, web-based portal. The option to deliver Applications for withdrawal to the World 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 for withdrawal and to receive secure identification credentials ("SIDC") from the World Bank for the purpose of delivering such Applications for withdrawal by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Borrower with SIDC for the designated officials. Following which, the designated officials may deliver Applications for withdrawal 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 for withdrawal in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications for withdrawal 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 for withdrawal 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 2; and (b) to cause such official to abide by those terms and conditions.

**(v) Withdrawal Conditions.** Please refer to the Withdrawal Condition(s) in the Loan Agreement.

## **II. Disbursement Arrangements applicable to the Program part of Loan IBRD 8743-LK and Financing IDA 6026-LK**

**(i) Applications for withdrawal.** Applications for withdrawal from the Loan and Financing, of amounts of the Loan and Financing allocated to individual Disbursement Linked Results ("DLR") may, pursuant to the provisions of Section IV of Schedule 2 to the Loan Agreement, be sent to the World Bank at any time after the World Bank has notified the Borrower in writing that it has accepted evidence of achievement of the specific DLR.

(ii) **Withdrawal Amount.** Applications for withdrawal may be for an amount not to exceed the amount of the Loan and Financing confirmed by the World Bank for the specific DLR in respect of which the withdrawal is requested, as specified in the World Bank's notice to the Borrower.

(iii) **Advances and Recovery of Advances.** The Borrower may, in accordance with provisions set forth in Section IV.B.2.(a) of Schedule 2 to the Loan Agreement, request advances of amounts of the Loan and Financing allocated to DLRs that have not yet been achieved using the Form attached (Attachment 3). The aggregate amount of all such advances made in respect of amounts allocated to DLRs may not exceed the equivalent of USD 15,000,000 under the Loan and SDR 6,100,000 under the Financing.

The World Bank records an amount of the advance as disbursed for an achieved DLR ("recovered") after it has notified the Borrower of its acceptance of the evidence of achievement of the DLR for which the advance was provided. The amount so reclassified becomes available for further advances in accordance with the preceding paragraph.

(iv) **Disbursement Deadline Date.** The period of disbursement of the Loan and Financing ends six months after the Closing Date specified in Section IV.B.3 of Schedule 2 to the Loan Agreement ("Disbursement Deadline Date"). This is the final date established by the World Bank for receipt by the World Bank of Applications for withdrawal. Normally, to support orderly closure of the Loan Account and Financing Account, the World Bank does not accept Applications for withdrawal received after the Disbursement Deadline Date. The Borrower should promptly inform the World Bank of any expected implementation delays or exceptional administrative issues before these dates. The World Bank will notify the Borrower of any exception that the World Bank may make to the Disbursement Deadline Date.

(vi) **Deposits of Loan and Financing Amounts.** All withdrawals from the Loan and Financing shall be deposited by the World Bank into a separate account in Central Bank of Sri Lanka specified by the Borrower and acceptable to the World Bank.

(vii) **Additional information on disbursement arrangements and electronic delivery of Applications for withdrawal.** Please visit our secure website "Client Connection" at <https://clientconnection.worldbank.org>.

### **III. Disbursement Arrangements for the Project part of Loan -IBRD 8743-LK**

(i) **Disbursement Guidelines.** The attached *Disbursement Guidelines for Investment Project Financing*, dated February 2017, ("Disbursement Guidelines") (Attachment 4), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Project 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 Section III of the Disbursement Letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

**(ii) Disbursement Methods (section 2).** The following Disbursement Methods may be used under the Project Loan:

- Reimbursement
- Advance
- Direct Payment

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

**(iv) Minimum Value of Applications (subsection 3.5).** The minimum value for Reimbursement and Direct Payment applications is US\$ 500,000 equivalent.

**(v) 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 (subsection 6.1):** Forecast of two quarters as provided in each Interim Unaudited Financial Report.

**(vi) 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 Unaudited Financial Report (attachment 5)
- **For requests for Direct Payment under category 2:** Records evidencing eligible expenditures, e.g. invoices.

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

**(viii) Additional information on disbursement arrangements.** Please refer to the Disbursement Handbook available on the World 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.

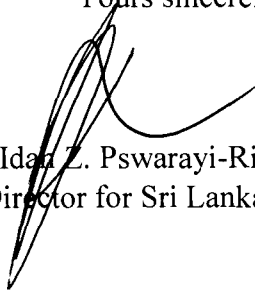
- (ix) **Other Supporting Documentation Instructions:** Copies of Bank statements for applications related to Designated Account.

#### **IV. Other Important Information**

If you have not already done so, the World 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 Financing, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications for withdrawal 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 World Bank by email at <[clientconnection@worldbank.org](mailto:clientconnection@worldbank.org)>. For additional information on disbursement arrangements, please refer to the Loan Handbook for World Bank Borrowers available on the Association’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>.

If you have any queries in relation to the above, please contact Mr. Satish Kumar Shivakumar, Finance Officer at [satishkumar1@worldbank.org](mailto:satishkumar1@worldbank.org).

Yours sincerely,



Idan L. Pswarayi-Riddihough  
Country Director for Sri Lanka and the Maldives

Attachments

1. Form for Authorized Signatures
2. *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
3. Form of Request for Advance
4. *Disbursement Guidelines for Investment Project Financing dated February 2017*
5. Form of Interim Unaudited Financial Report

**Form of Authorized Signatory Letter**

[Letterhead]  
 [Street address]  
 [City] [Country]

The World Bank  
 1<sup>st</sup> Floor, DFCC Building,  
 73/5, Galle Road, Colombo  
 3, Sri Lanka.  
 Attention: Country Director, Sri Lanka

Re: IBRD Loan 8743-LK (Loan) and IDA Financing 6026-LK (Financing) Accelerating Higher Education Expansion and Development Operation

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (“Bank”) and Democratic Socialist Republic of Sri Lanka (“Borrower”), and the Financing Agreement between the International Development Association (“Association”) (“Bank” and “Association” collectively, “World Bank”) and Democratic Socialist Republic of Sri Lanka (“Borrower”), for the above-referenced Operation, dated \_\_\_\_\_, providing for the above Loan and Financing. For the purposes of Section 2.02 of the General Conditions for the Program and of Section 2.03 of the General Conditions for the Project as defined in the Agreement, any <sup>1</sup>[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign Applications for withdrawal under this Loan and Financing.

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

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<sup>1</sup> 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 World Bank.*

<sup>2</sup> 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 World Bank.*

<sup>3</sup> 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 World Bank.*

<sup>4</sup> 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 World Bank.*

<sup>1</sup>[This confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications for withdrawal and supporting documents to 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 Borrower represents and warrants to the World Bank 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 /

\_\_\_\_\_

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<sup>1</sup> 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 World Bank.*



**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)<sup>1</sup> will provide secure identification credentials (SIDC) to permit the Borrower<sup>2</sup> 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.**

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<sup>1</sup> "Bank" includes IBRD and IDA.

<sup>2</sup> "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

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.
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](mailto:clientconnection@worldbank.org).
- 4.5. The Borrower shall immediately notify the Bank at [clientconnection@worldbank.org](mailto: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.

**Sample Form for Advances**  
[Ministry/Implementing Agency Letterhead]

[Date]

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

**Subject: IBRD Loan \_\_\_\_-LK (Loan) and IDA Financing \_\_\_\_-LK (Financing) -  
Accelerating Higher Education Expansion and Development Operation -Request for  
Advance**

Dear Sir/Madam,

We refer to the Loan Agreement between the International Bank for Reconstruction and Development (“Bank”) and Democratic Socialist Republic of Sri Lanka (“Borrower”), and the Financing Agreement between the International Development Association (the “Association”) and Democratic Socialist Republic of Sri Lanka (“Borrower”), dated \_\_\_\_ providing for the above Loan and Financing.

In accordance with the provisions of the Disbursement Letter and Schedule 2, Section IV, B.2.(a) of the Loan Agreement, to support the implementation of the above Program and to facilitate the achievement of the planned results, we request an Advance in the amount of [*insert amount*]<sup>1</sup> under IBRD Loan \_\_\_\_-LK and [*insert amount*]<sup>1</sup> under IDA Financing \_\_\_\_-LK.

[We request that the Advance be disbursed in [*currency requested for disbursement*] equivalent to the Total Advance Requested above.]<sup>2</sup> We acknowledge that the amount disbursed will be charged to the Loan Account and Financing Account in the currency of the Financing at the rate of exchange in effect at the time of disbursement.

Sincerely,

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<sup>1</sup> The Proposed Advance should be in the currency of the DLI/DLR as set out in the disbursement table in the legal agreement, and in accordance with provisions in the Disbursement Letter. Normally, this is the currency of commitment of the loan and financing.

<sup>2</sup> Use this text to designate the currency of the Advance if it should be different from the currency set out in the disbursement table in the legal agreement.

[Name, Position]<sup>1</sup>  
**Attachment 5 Form of Interim Unaudited Financial Report**

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<sup>1</sup> To be signed by a representative of the implementing/coordinating agency of the borrower, OR by the person(s) authorized on behalf of the borrower to sign applications for withdrawal under the loan and financing as set out in the applicable Authorized Signatory Letter.