March 11, 2015

Hon. David Athorbei Deng
Minister of Finance and Economic Planning
Ministry of Finance and Economic Planning
Republic of South Sudan
Juba, South Sudan

Honorable:

Re: Republic of South Sudan Local Government and Service Delivery Trust Fund Grant No. TF018138-RSS (Local Governance and Service Delivery Project)
First Revision of the Disbursement Letter dated August 28, 2014
Additional Instructions: Disbursement

I refer to the Grant Agreement ("Agreement") between the International Bank for Reconstruction and Development and International Development Association ("World Bank"), acting as administrator of the Local Government and Service Delivery Trust Fund ("LGSD TF"), and the Republic of South Sudan ("Recipient") for the above-referenced project, dated August 28, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF018138-RSS ("Grant").

This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions and is the first revised version which amends categories allocated to the respective Designated Accounts (categories 4 and 5 instead of 1 and 2 respectively) as per Section II (vi). All other provisions of the Disbursement Letter, except as amended, shall remain in full force and effect.

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 Grant 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 Grant:

- 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 Grant 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 the Grant Agreement.

II. Withdrawal of Grant 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 Office  
Juba, South Sudan  
Attention: Country Director

(ii) **Applications (subsections 3.2 - 3.3)**. Please provide completed and signed (a) applications for withdrawal, together with supporting documents, (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  
Menengai Road  
**Nairobi, Kenya**  
Tel: +254 20 2936 000  
Attention: Loan Department

(iii) **Electronic Delivery (subsection 3.4)** The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank 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 World Bank 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 World Bank agrees, the World Bank 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 World Bank 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 SIDC”) 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 USD 100,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Accounts (subsection 5.3):** Pooled accounts already established under the IDA Credit no. 5213 financing.
  - DA “B” for block grants to counties for Payam Development: The PDG will be assigned a dedicated expenditure Category 4.
  - DA “C” specifically for Category 5 managed by the MoFEP

- **Currency of Designated Accounts (subsection 5.4):** USD

- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** The Designated Account (“DA”) for the project will be opened at CFC Stanbic Bank Limited in Juba, South Sudan (Branch of CFC Stanbic Bank Kenya)

- **Ceiling (subsection 6.1):** forecast for 2 quarters as provided in the quarterly Interim Financial Report by the Bank’s Financial Management Specialist (FMS) and Task Team Leader (TTL)

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
  - Interim Financial Report in the form attached (Attachment 4); and
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)

- **For reporting eligible expenditures paid from the Designated Accounts:**
  - Interim Financial Report in the form attached (Attachment 4); and
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)

- **For requests for Direct Payment and Special Commitment:** records evidencing eligible expenditures, e.g., copies of contracts, receipts, supplier invoices and documentary evidence of delivery of contracted goods or services.

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

(iii) Other Supporting Documentation Instructions
Funds advanced into the Designated Account may be transferred to the project bank account in South Sudanese Pounds to meet payments for eligible expenditure in local currency. Balances in the project bank account should be included in the Designated Account Activity Statement (Attachment 6).

USD payments will be made from the USD DA while payment in SSP will be made from the SSP sub-account upon transfer of same amount from the USD account. Transfers from the USD account to the SSP sub-account will only be made after the expenditures had been incurred (justified and properly documented) and payments are to be made. In essence, as much as possible, the SSP sub-account at the national level would have a zero balance.

Counties will be required to open a dedicated bank account in SSP at a registered bank for the sole purpose of receipts and expenditures of the PDG. All payments for goods, services and operating costs that are eligible under the PDG will be made from this account and processed by the Accounts Officer; signatories to the county bank account will be the executive Director (the accounting officer of the county) and the Accounts Officer.

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 download Applications, monitor the near real-time status of the Grant, 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 World Bank by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact Christiaan Nieuwoudt, Finance Officer at cnieuwoudt@worldbank.org using the above reference.

Yours sincerely,

Christiaan Nieuwoudt
Finance Officer
Africa Region
Attachments

All Attachments remain valid as provided under the original Disbursement Letter.

Prepared by: Samuel Macharia

Cleared with and cc: Christiaan Nieuwoudt,
Martin Onyach-Olaa (Task Team Leader)

Cc with copies: