H. E. Louis-Paul MOTAZÉ  
Minister of Economy, Planning and Regional Development  
Ministry of Economy, Planning and Regional Development  
Yaoundé  
Republic of Cameroon  

Excellency:

Re: IDA Financing 4484-CM (Energy Sector Development Project) Additional Instructions: Disbursement

I refer to the Financing Agreement between the International Development Association (the “Association”) and the Republic of Cameroon (the “Recipient”) for the above-referenced project, dated 30 June 2008. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of Financing 4484-CM (“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 Section IV.B of 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 Schedule 2, Section IV.B.1 of the Financing Agreement.
- Statement of Expenditure in the form attached (Attachment 3) for all other expenditures / contracts; and
- List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4).

- For reporting eligible expenditures paid from the Designated Account for: Components 2 and Component 3
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued at: US$250,000 equivalent or more for works, US$150,000 equivalent or more for goods, US$100,000 equivalent or more for services of consulting firms, and US$50,000 equivalent or more for individual consultants;
  - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures / contracts; and
  - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4).

- For requests for Reimbursement and reporting eligible expenditures paid from the Designated for: Component I – Rural Energy Fund
  - Customized SOE 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): monthly.

(iii) Other Supporting Documentation Instructions. Withdrawal applications must also be supported by Bank reconciliations for each Designated account.

IV. Other Disbursement Instructions

Disbursement conditions in section IV.B of Schedule 2 of the Financing Agreement need to be fully meet. A retroactive financing for an amount up to US$6.5 million for payments made for eligible project expenditures on or after July 31 2007.

Taxes: Funds will be disbursed in accordance with Project categories of expenditures, as shown in the Financing Agreement. Financing of each category of expenditure will be authorized at 100 percent inclusive of taxes except VAT and duty as these taxes will be absorbed by the government of Cameroon through a mechanism already established to that effect. Applications for withdrawal of funds will be submitted to IDA net of VAT and duty.

V. Other Important Information

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). A 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
BP 1128
Yaounde, Cameroun
Attention: Mary Barton-Dock

(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
4 Fricker Road
IFC Building, Illovo 2196
Johannesburg, South Africa
Attention: Loan Department

(iii) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for direct payment, special commitment, and reimbursement should be the equivalent of 20 percent of the advance deposited in the Designated Account (refer to below).

(iv) Advances (sections 5 and 6)

- Type of Designated Accounts (subsection 5.3): Five Segregated Accounts.
- Currency of Designated Account[s] (subsection 5.4): FCFA.
- Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5): commercial bank acceptable to the Association for the four DA and Central Bank (BEAC) for the Rural Energy Fund.
- Ceiling (subsection 6.1):
  - MINEE: USS300,000
  - ARSEL: USS200,000
  - EDC: USS 450,000
  - AER: USS300,000
  - REF: USS2,000,000

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 for: Component 2 and Component 3
  o Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued at: USS$250,000 equivalent or more for works, USS$150,000 equivalent or more for goods, USS$100,000 equivalent or more for services of consulting firms, and USS$50,000 equivalent or more for individual consultants;
From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information.

If you have any queries in relation to the above, please contact Ms. Aissatou Diallo, Finance Officer at loa-afri@worldbank.org using the above reference.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

By: Mary Barton-Dock
Country Director, Cameroon
Africa Region

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
3. Form of “Statement of Expenditure”
4. Form of Payments Against Contracts Subject to the World Bank’s Prior Review
5. Customized “Statement of Expenditure”

Cc with copies: MINEE, Jean-Pierre Ghonnang, Director of Electricity
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