Hon. Brenson S. Wase  
Minister of Finance  
Ministry of Finance, Banking and Postal Services  
Po Box D  
Majuro  
Republic of the Marshall Islands

Dear Minister,

**IDA Grant D261-MH**  
**Sustainable Energy Development Project**  
**Additional Instructions: Disbursement and Financial Information Letter (DFIL)**

I refer to the Financing Agreement between the Republic of the Marshall Islands (the “Recipient”) and the International Development Association (the “Association”) providing the above-referenced grant (“Financing”) for the above-referenced project. The General Conditions, as defined in the Financing Agreement, provide that the Association may issue additional instructions regarding the withdrawal of the proceeds of the Financing and specify certain financial management reporting and audit requirements. This letter (“Disbursement and Financial Information Letter” or “DFIL”), as revised from time to time, constitutes such additional instructions.


I. Disbursement Arrangements, Withdrawal and Reporting of Financing Proceeds

(i) **Disbursement Arrangements:**

- **Instructions** (Schedule 1). The table provides the disbursement methods, and conditions, information on registration of authorized signatories, processing of withdrawal applications (including advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.
- **Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications for Reimbursement, Special Commitment and Direct Payment is USD140,000 equivalent.
- **Disbursement Deadline Date, DDD (subsection 3.7).** The DDD is four (4) months after the Closing Date. Any changes to this date will be notified by the Association.

(ii) **Electronic Delivery.** Refer to section 11.01 (c) of the General Conditions:

- The Association may permit the Recipient to electronically deliver applications (with supporting documents) through the Association’s web-based portal ([https://clientconnection.worldbank.org](https://clientconnection.worldbank.org)) “Client Connection”. This option may be effected if: (a) the Recipient has designated in writing, its officials who are authorized to sign and deliver Applications and to receive Secure Identification...
Credentials („SIDC”; from the Association 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”. The designated officials may deliver Applications electronically by completing the Form 2380, which is accessible through „Client Connection”. The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient. 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, available in the Association’s public website at https://worldbank.org and „Client Connection”; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits

(i) Financial Reports. The Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each semester of the Recipient’s fiscal year, interim unaudited financial reports (IFR) for the Project covering the semester.

(ii) Audits. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

III. Other Important Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association’s public website 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 Financing, 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.

If you have any queries in relation to the above, please contact Carmenchu Austriaco at caustriaco@worldbank.org with copy to Joan Toledo, Finance Analyst at jtoledo@worldbank.org using the above reference.

Sincerely,

Mona Sur
Acting Country Director
Papua New Guinea & Pacific Islands
East Asia and Pacific Region

Attachments
1. Form of Authorized Signatory Letter
2. Form of Statement of Expenditure
3. Form of Designated Account Reconciliation Statement
Cc with copies:  
Ms. Maybelline Bing  
Secretary of Finance  
Ministry of Finance, Banking and Postal Services  
PO Box D, Majuro 96960, RMI

Ms. Jennifer Y. Tseng  
Director, Division of International Development Assistance  
Ministry of Finance, Banking and Postal Services
<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods Available</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of Records (such as copies of receipts, supplier invoices)</td>
</tr>
</tbody>
</table>
| Reimbursement        | Yes              | Statement of Expenditure in the format provided in Attachment 2  
|                      |                  | Copy of Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the Association’s prior review |

**Advance:**

|                    | Yes              | Statement of Expenditure in the format provided in Attachment 2  
|                    |                  | Copy of Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the Association’s prior review  
|                    |                  | Designated Account Reconciliation Statement in the format provided in Attachment 3 and related bank statement |

| Special Commitment | Yes              | Copy of Letter of Credit |

<table>
<thead>
<tr>
<th><strong>Type</strong></th>
<th>Segregated</th>
<th><strong>Ceiling</strong></th>
<th>Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Institution - Name</strong></td>
<td>To be established at a financial institution acceptable to the Association</td>
<td><strong>Currency</strong></td>
<td>USD</td>
</tr>
</tbody>
</table>

| **Frequency of Reporting, Subsection 6.3 (**)** | Quarterly       | **Amount**             | USD 700,000 |

The World Bank  
26th Floor, One Global Place  
5th Avenue corner 25th Street  
Bonifacio Global Taguig  
Philippines  
Attention: Loan Department

**Sections and subsections indicated relate to the Disbursement Guidelines for Investment Project Financing dated February 2017**
The World Bank
The World Bank
Level 19, 14 Martin Place
CML Building
Sydney NSW 2000, Australia

Attention: Michel Kerf
Country Director

IDA Grant No. D261-MH
(Sustainable Energy Development Project)

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association") and the Republic of the Marshall Islands ("Recipient"), dated __________, providing the above grant ("Financing"). For the purposes of Section 2.03 of the General Conditions 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 Financing.

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

"This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by

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1 Instruction to the Recipient: 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 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 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 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 Bank.
electronic means. In full recognition that the Association 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 Association records with respect to this Agreement.

[Name], [position] Specimen Signature: __________________

[Name], [position] Specimen Signature: __________________

[Name], [position] Specimen Signature: __________________

Yours truly,

/ signed /

[Position]

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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 Bank.
The following expenditures have been incurred during the retroactive financing period (please tick)

The following expenditures have been incurred during the closing date of the loan/credit/grant (please tick)

<table>
<thead>
<tr>
<th>Item No</th>
<th>Supplier's Name</th>
<th>Brief Description of the expenditure</th>
<th>Prior Review Contract? (YES or NO)</th>
<th>Contract # (Client Connection # for Prior Review contracts)</th>
<th>Contract currency and amount (original + amendment)</th>
<th>Invoice number</th>
<th>Date of payment</th>
<th>Total amount of invoice covered by Application (net of retention)</th>
<th>% Financed by the Bank/IDA</th>
<th>Eligible Amount (Col 9 x 10)</th>
<th>Exchange Rate</th>
<th>Date of Withdrawal form the Designated Account</th>
<th>Amount Withdrawn form the Designated Account (Col 11/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
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</tbody>
</table>

Supporting documents for this SOE are retained at [insert location].
Hon. Brenson S. Wase

January 31, 2018

Attachment 3

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/GRAIN/PPF/COFINANCIER NUMBER ________________
ACCOUNT NUMBER __________________ WITH (BANK) ________________

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) $ ________________

2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK $ ________________

3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2) $ ________________

4. BALANCE OF SPECIAL ACCOUNT PER ATTACHED BANK 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

<table>
<thead>
<tr>
<th>APPLICATION NO.</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td></td>
</tr>
</tbody>
</table>

8. MINUS: INTEREST EARNED $ ________________ *

9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) $ ________________

Part II

10. FORECAST FOR NEXT SIX MONTHS (From Table xx) $ ________________

11. Less: BALANCE OF DA ACCOUNT (Item 4) $ ________________

12. AMOUNT REQUESTED FOR ADVANCE $ ________________

13. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9: