Dr. P.B. Jayasundara  
Secretary  
Ministry of Finance and Planning  
Government of Sri Lanka  
The Secretariat  
Colombo 1, Sri Lanka  

Dear Sir:  

Re: Sri Lanka: AusAID Grant Agreement for  
North East WASH Project - Grant No: TF010773  

Additional Instructions: Disbursement  

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by Australian Agency for International Development ("AusAID") under the Australian Trust Fund for AusAID-World Bank Partnership for South Asia, for the above-referenced project, dated November 16, 2011. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF010773-LK ("Grant"). 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 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 3). 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 four (4) months after the Closing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.
II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory 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
P. O. Box 1761
Colombo 1, Sri Lanka

Attention: Country Director for Sri Lanka

(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
No. 11, Taramani Main Road
Taramani
Chennai 600 113, India

Attention: Ms. Samvita Reddy Arikatla
Finance Officer, Loan Department -- Chennai

(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 devices ("Tokens") 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 Tokens 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 Tokens to Process Applications. By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and 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, direct payment and special commitment is 20% of advances to the designated account.
(vi) Advances (sections 5 and 6).

- **Type of Designated Account** (subsection 5.3): Segregated
- **Currency of Designated Account** (subsection 5.4): United States dollars (US$).
- **Financial Institution at which the Designated Account Will Be Opened** (subsection 5.5): Central Bank of Sri Lanka
- **Ceiling** (subsection 6.1): Forecast for two (2) quarters as provided in the quarterly Interim Unaudited Financial Report.

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 and for reporting eligible expenditures paid from the Designated Account:**
  - Interim Unaudited Financial Report in the form attached (Attachment 4)

- **For requests for Direct Payment:**
  - Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

- **For special commitment:**
  - Copy of letter of credit
  - Copy of the contract

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

(iii) **Other Supporting Documentation Instructions**: Copies of bank statement of the designated account should be attached to withdrawal application for replenishment of the designated account.

V. 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](https://clientconnection.worldbank.org)). 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. 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 Nicholay Chistyakov, Senior Finance Officer at lsa-san@worldbank.org using the above reference.

Yours sincerely,

/s/ Anna Wellenstein

Anna Wellenstein
Acting Country Director Sri Lanka and Maldives

Attachments

2. Form for Authorized Signatures
4. Form of Interim Unaudited Financial Report