[DATE]

The Secretary
Ministry of Finance and Planning
Colombo 1, Sri Lanka

Excellency:

Re: IBRD Loan 8145-LK (Metro Colombo Urban Development Project)
Additional Instructions: Disbursement

I refer to the Loan Agreement between the Democratic Socialist Republic of Sri Lanka (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) for the above-referenced project, dated 18/6/12. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. 8145-LK (“Loan”). 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 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 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 Loan:

- 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 Loan Agreement. Any changes to this date will be notified by the Bank.

II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the 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 Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the 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 and to receive secure identification devices (“Tokens”) from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower 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 Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(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 Borrower 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. One segregated designated account will be established for the project and managed by the Project Management Unit of the Ministry of Defense and Urban Development.

- **Currency of Designated Account (subsection 5.4):** 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 Loan 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:**

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

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):** The period set out in the Loan Agreement for provision of Interim Financial Reports, i.e. quarterly.

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

IV. **Other Disbursement Instructions:** In the case of the first request for withdrawal submitted to the Bank before any withdrawal has been made, i.e. request for initial advances to the designated account, the Borrower shall submit to the Bank only a statement with the projected sources and applications of funds for the six-month period following the date of such request.

V. Other Important Information


If you have not already done so, the 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 Loan, and retrieve related policy, financial, and procurement information. All Borrower 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 Bank by email at <clientconnection@worldbank.org>.
If you have any queries in relation to the above, please contact Chau-Ching Shen, Senior Finance Officer at loasar@worldbank.org using the above reference.

Yours sincerely,

Diarietou Gaye
Country Director for Sri Lanka and the Maldives

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of Interim Financial Report

Cc with copies: Mr. M P D U K Mapa Pathirana
Director General, Department of External Resources
Ministry of Finance and Planning
Tel: 0094-11-2484693
Email: mapa@erd.gov.lk

Mr. Rohan Seneviratne
Additional Secretary
Ministry of Defence and Urban Development
Tel: 0094-11-2333930
Email: cceddd@slt.lk
The World Bank  
P. O. Box 1761  
Colombo, Sri Lanka  
Attention: Country Director  

Dear Country Director:  

Re: Loan No. 8145-LK  
(Metro Colombo Urban Development Project)  

I refer to the Loan Agreement ("Agreement") between the Democratic Socialist Republic of Sri Lanka (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank"), dated Z/s  
, providing the above Loan. 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 Borrower to sign applications for withdrawal and applications for a special commitment under this Loan.  

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

[This confirms that the Borrower is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the 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 Devices in  

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1 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 Bank.  

2 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 Bank.  

3 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 Bank.  

4 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 Bank.  

5 Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Tokens 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.
connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens"), the Borrower represents and warrants to the Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: __________________

[Name], [position] Specimen Signature: __________________

[Name], [position] Specimen Signature: __________________

Yours truly,

/ signed /

[Position]
Terms and Conditions of Use of Secure Identification Devices
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation

January 20, 2010

The World Bank (Bank)\(^1\) will provide secure identification devices (Tokens) to permit the Borrower\(^2\) 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.

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 Tokens 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 delivery of Tokens. 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. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal

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\(^1\) "Bank" includes IBRD and IDA.

\(^2\) "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.

3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

4.3. The Token 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 Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.
Care of Tokens

4.6. 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, 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. 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 Token.

4.7. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. Replacement

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User's Account

6. Reservation of Right to disable Token

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.
## Sources and Uses of Funds - For the Quarter Ended ___ 2012

In Sri Lanka Rupees

<table>
<thead>
<tr>
<th>Cash Receipts</th>
<th>Quarter</th>
<th>Year to date</th>
<th>Forecast: Next Six Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>WB Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GoSL Funds</td>
<td></td>
<td></td>
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<tr>
<td>Total Financing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Less: Expenditure By Categories**

1. Goods, works, non-consulting services, consultants' services and incremental operating costs

**Total Expenditure**

**Receipts less Expenditures**

**Add: Foreign Exchange Gain/(Loss)**

**Net Change in Cash**

<table>
<thead>
<tr>
<th>Opening Cash Balance</th>
<th>Quarter</th>
<th>Year to date</th>
<th>Forecast: Next Six Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Bank Account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WB Designated Account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Opening Cash</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Add: Net Change in Cash**

**Net Cash Available**

<table>
<thead>
<tr>
<th>Closing Cash Balances</th>
<th>Quarter</th>
<th>Year to date</th>
<th>Forecast: Next Six Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Bank Account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WB Designated Account</td>
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</tr>
</tbody>
</table>

**Total Closing Cash Balance**

**Exchange rate as at (day) (month) 20XX is LKR = US$ 1**
### Metro Colombo Urban Development Project

**USES OF FUNDS BY PROJECT ACTIVITY - FOR THE QUARTER ENDED ____ 2012**

**in Sri Lanka Rupees**

<table>
<thead>
<tr>
<th>Component 1: Flood and Drainage Management in the Colombo Water Basin</th>
<th>Quarterly Year to date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
</tr>
<tr>
<td>1.1 Primary and Secondary Canals</td>
<td></td>
</tr>
<tr>
<td>1.2 Micro-Drainage System within the Colombo Municipal Council Area</td>
<td></td>
</tr>
<tr>
<td>1.3 Capacity Enhancement for Flood and Drainage</td>
<td></td>
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<tr>
<td>1.4 Beira Lake Linear Park and Beddagana Park</td>
<td></td>
</tr>
</tbody>
</table>

**Sub Total**

<table>
<thead>
<tr>
<th>Component 2: Urban Development and Infrastructure Rehabilitation and Capacity Building</th>
<th>Quarterly Year to date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
</tr>
<tr>
<td>2.1 Investment Support to Project Local Authorities</td>
<td></td>
</tr>
<tr>
<td>2.2 Institutional strengthening and capacity building</td>
<td></td>
</tr>
</tbody>
</table>

**Sub Total**

<table>
<thead>
<tr>
<th>Component 3: Implementation Support</th>
<th>Quarterly Year to date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
</tr>
<tr>
<td>Incremental Operating Costs</td>
<td></td>
</tr>
</tbody>
</table>

**Sub Total**

<table>
<thead>
<tr>
<th>Total Project Expenditure</th>
<th>Quarterly Year to date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
</tr>
</tbody>
</table>
# Designated Account Reconciliation

**For the Quarter Ended …………..**

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>Loan No.:</th>
<th>Deposit Bank:</th>
<th>A/C No:</th>
<th>Currency of DA:</th>
</tr>
</thead>
</table>

### PART I

1. Cumulative advances to end of current reporting period: 0
2. Cumulative expenditures to end of last reporting period: 0
3. Outstanding Advance to be accounted (line 1 minus line 2): 0

### PART II

4. Opening DA balance at beginning of reporting period (as of): 0
5. Add/subtract: Cumulative adjustments (if any): 0
6. Advances from World Bank during reporting period: 0
7. Add lines 5 and 6: 0
8. Outstanding advances to be accounted for (add line 4 and line 7): 0
9. Closing DA balance at end of current reporting period (as of): 0
10. Add/subtract: Cumulative adjustments (if any): 0
11. Expenditures for current reporting period:
   a) Goods, works, non-consulting services, consultants’ services and incremental operating costs: 0
   b)
12. Add line 10 and line 11: 0
13. Add line 9 and line 12: 0
14. Difference (if any) (line 8 minus line 13): 0

### PART III

15. Total forecasted amount to be paid by World Bank:
   Category 1: 0
   Category 2: 0
   Total: 0

16. Less: Closing DA balance after adjustments: 0
17. Direct payments/SC payments: 0
18. Add lines 16 and 17: 0
19. Cash requirement from World Bank for next two reporting periods (line 15 minus line 18): 0
Metro Colombo Urban Development Project  
WORLD BANK CREDIT NO........

DESIGNATED ACCOUNT EXPENDITURE FOR CONTRACTS NOT SUBJ
FOR THE QUARTER ENDED .......................  

<table>
<thead>
<tr>
<th>Disbursement Cat./Subcat. (col. 1)</th>
<th>Total Expenditures (col. 2)</th>
<th>% IBRD (col. 3)</th>
<th>Eligible for Bank's Financing (col. 4)=(col. 2)*(col. 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursement categories as stipulated in the Loan Agreement</td>
<td></td>
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</tr>
<tr>
<td>WB Share Amount Paid from DA (col. 5)</td>
<td>Government/Other Share (col. 6)</td>
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</table>
DESIGNATED ACCOUNT EXPENDITURE FOR CON
FOR THE QUARTER ENDED.

<table>
<thead>
<tr>
<th>Disbursement</th>
<th>Name &amp; Address</th>
<th>Contract Currency &amp; Value</th>
<th>Invoiced Amounts by Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cat./Subcat.</td>
<td></td>
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TRACTS SUBJECT TO PRIOR REVIEW

<table>
<thead>
<tr>
<th>% Financed by WB (col. 5)</th>
<th>Eligible for Bank's Financing in Contract's Currency (col. 6)=(col.4)*(col.5)</th>
<th>Total Amount Paid from DA (col. 7)</th>
<th>Invoice Date Number, Contract Balance carried forward (col. 8)</th>
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