Hon. Pohiva Tu’i’onetoa  
Minister of Finance  
Ministry of Finance  
Vuna Road  
PO Box 87  
Nuku’alofa, Kingdom of Tonga

Dear Minister,

**IDA Grant Number D448-TO**  
(Pathway to Sustainable Oceans Project)  
**Additional Instructions: Disbursement and Financial Information Letter**

I refer to the Financing Agreement between the Kingdom of Tonga (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced Project. The General Conditions, as defined in the Financing Agreement, provide that the Recipient may from time to time request withdrawals of IDA Grant No. D448-TO (“Grant”) in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Association may specify from time to time by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”), and may be revised from time to time.

I. **Disbursement Arrangements, Withdrawal of Grant Funds, and Reporting of Uses of Grant Funds**


(i) **Disbursement Arrangements**

- **General Provisions** (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient, and conditions, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

(ii) **Electronic Delivery.** 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 the officials designated in writing by the Recipient who are
authorized to sign and deliver Applications 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”. By signing the Authorized Signatory Letter, the Recipient confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by electronic means. 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 must prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFR”) for the Project covering the quarter.

(ii) Audits. Each audit of the Financial Statements must cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period must be furnished to the Association not later than six (6) months after the end of such period.

III. Other Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association’s website (http://www.worldbank.org/) 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 Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Association by email at askloans@worldbank.org.

If you have any queries in relation to the above, please contact Chau-Ching Shen, Senior Finance Officer at cshen@worldbank.org, with copy to Joan Toledo, Finance Analyst at jtoledo@worldbank.org using the above reference.

Sincerely,

Michel Kerf
Country Director
Papua New Guinea & Pacific Islands
East Asia and Pacific Region
Attachments
1. Statement of Expenditure (SOE)
2. Form of Authorized Signatory Letter

With copies: Ministry of Finance
St. George Government Building
Nuku'alofa, Tonga
ceo@finance.gov.to

Ministry of Fisheries
Vuna Road
Sopu, Tonga
ceo@tongafish.gov.to
## Schedule 1: Disbursement Provisions

**Country**: Kingdom of Tonga  
**Recipient**: Ministry of Finance  
**Project**: Pathway to Sustainable Oceans Project  
**Closing Date**: Section III.B.2 of Schedule 2 to the IDA Grant Financing Agreement.  
**Disbursement Deadline Date**: Four (4) months after the closing date.

<table>
<thead>
<tr>
<th>IDA Grant Number</th>
<th>D448-TO</th>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of records</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reimbursement</td>
<td>Yes</td>
<td>Statement of Expenditure (SOE) (Attachment 1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advance</td>
<td>Yes</td>
<td>Statement of Expenditure (SOE) (Attachment 1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Special Commitments</td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

**Type**: Segregated; one (1) segregated designated account will be established under the Project and managed by the Ministry of Finance.  
**Ceiling**: Fixed  
**Financial Institution - Name**: To be established at a commercial bank or financial institution acceptable to the Association.  
**Currency**: Tonga Pa’anga  
**Frequency of Reporting Subsection 6.3 (**)**: Quarterly or more often if needed.  
**Amount**: TOP2,000,000

The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is TOP400,000.

**Authorized Signatures Letter**  
The World Bank  
Level 19, 14 Martin Place  
CML Building  
Sydney NSW 2000, Australia  
Attention: Country Director

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

**Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.**
Attachment 1 - Statement of Expenditures

<table>
<thead>
<tr>
<th>Grant #</th>
<th>Application #</th>
<th>Category #</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yes No Page #</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>In case of DA payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item No</th>
<th>Service provider / Supplier / Payee’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>% Finance by the Bank</th>
<th>Expenditure Amount Eligible for Financing</th>
<th>Amount claimed</th>
<th>Amount paid from Designated Account (which should be equal to #11)</th>
<th>Remarks</th>
</tr>
</thead>
</table>

Supporting documents for this SOE retained at: (insert location)

Prepared by: ____________________________

Authorized Representative: ____________________________

*A separate form should be used for each category
International Development Association
Level 19, 14 Martin Place
CML Building
Sydney NSW 2000
Australia

Attention: Country Director

IDA Grant No. D448-TO
(Pathway to Sustainable Oceans Project)

I refer to the Financing Agreement ("Agreement") between the Kingdom of Tonga ("Recipient") and the International Development Association (the "Association"), dated providing the above 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

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 Association.*

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 Association.*

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 Association.*

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 Association.*

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 Association.*
the Association by 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 /

__________________