Ref.: WB/CD/139/04/23/2014

H. E. Ato Sufian Ahmed
Minister
Ministry of Finance and Economic Development
Addis Ababa

Dear Ato Sufian,

Re: Grant No. TF016392 - ET (Women Entrepreneurship Development Project) Additional Instructions: Disbursement

I refer to the Letter Agreement ("Agreement") between the International Development Association ("World Bank"), acting as administrator of the Multi-Donor Trust Fund for the Women Entrepreneurship Development Project, and the Federal Republic of Ethiopia (the "Recipient") for the above-referenced project, dated April 23, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF016392 - ET ("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 2). The following Disbursement Methods may be used under the Grant:

- Reimbursement (only for Disbursement Category 2)
- Advance
- Direct Payment (only for Disbursement Category 2)
- Special Commitment (only for Disbursement Category 2)

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.
(iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Disbursement Condition(s) in the Grant Agreement.

II. **Withdrawal of Grant Proceeds**

(i) **Authorized Signatures (subsection 3.1).**
A 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 5515  
Addis Ababa, Ethiopia  
Attention: Guang Z. Chen, Country Director

(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,  
Loan Department,  
Kenya Re Towers, 10th Floor,  
Upper Hill, off Ragati Road,  
Nairobi,  
Kenya

(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 credentials (“SIDC”) 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 SIDC 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 SIDC to Process Applications.** By designating officials to use SIDIC 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** (“Terms and Conditions of Use of SIDC”) provided in Attachment 3; and (b) 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 Reimbursements, Direct Payments and Special Commitments is $50,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Accounts (subsection 5.3):** Segregated – exclusively for proceeds of this grant.

  Designated Account A will be used only for expenditures under Category 1 and will be managed by the Development Bank of Ethiopia.

  Designated Account B will be used for expenditures under Categories 2 and will be managed by Federal Micro and Small Enterprise Development Agency (FeMSEDA).

- **Currency of Designated Account[s] (subsection 5.4):** US Dollars

- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** National Bank of Ethiopia

- **Ceiling (subsection 6.1):**
  - For Designated Account A: US Dollars 1,000,000. The forecast submitted by DBE should be supported by a list of PFI’s with the total forecast sub-credits from each PFI. Such forecast should be authorized by DBE, and be based on forecasts submitted by each eligible Participating Financial Institution (“PFI”).
  - For Designated Account B: US Dollars 300,000

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
  - Statement of Expenditure in the form attached (Attachment 4B), with copies of records evidencing eligible expenditure (such as copies of receipts, supplier invoices and documentary evidence of delivery of contracted goods, works or services.)
  - Summary Sheet of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)

- **For reporting eligible expenditures paid from the Designated Accounts:**
  - For expenditures under Category 1 (paid from Designated Account A):

    - Statement of Expenditures in the form attached (Attachment 4A revised) Supporting documents to be attached in each case would be a List from the Participating Financial Institution (“PFI”) of amounts received from DBE and on-lent to beneficiaries / sub-borrowers.
Copy of the bank statement of the Designated Account A and a reconciliation statement for this account (Designated Account Statement, in the form attached as Attachment 6 revised) should be submitted with each Application.

- For expenditures under Category 2 (paid from Designated Account B):
  - Statement of Expenditure in the form attached (Attachment 4B), with copies of records evidencing eligible expenditure (such as copies of receipts, supplier invoices and documentary evidence of delivery of contracted goods, works or services.) for payments made under contracts (i) for Goods and Works, valued at $100,000 equivalent or more; (ii) for consulting services from Consulting Firms against contracts valued at USD 100,000 equivalent or more; (iii) for services from Individual Consultants and for Operating expenses, expenses on Training and Workshops against contracts valued at USD 50,000 equivalent or more;
  - Summary Sheet of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5);
  - Copy of the bank statement of the Designated Account B and a reconciliation statement for this account (Designated Account Activity Statement, in the form attached as Attachment 6) should be submitted with each Application.

- For requests for Direct Payment: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices and documentary evidence of delivery of contracted goods, works or services.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): monthly

IV. Other Disbursement Instructions

- This Grant, except for Operating Costs, finances exactly the same expenditures as IDA 5112, at a percentage up to 100. The Recipient may claim eligible expenditures from this Grant, from IDA 5112 or from both the Grant and IDA 5112 in any combination of financing percentages not to exceed 100%.

- Funds may be transferred from Designated Account B to a project bank account in local currency managed by the respective project management agency (FeMSDA) for eligible expenditures. Each such transfer should be on the basis of a documented expenditure forecast which should be retained at the project management agency. Actual expenditures incurred by each such project agency and the balances outstanding with them should be separately reported in the project financial reports and in the Designated Account Activity Statement (Attachment 6).

- Funds may be transferred by DBE from Designated Account “A” to the PFI for onward remittance to approved sub-borrowers only on the basis of a documented rolling 3-monthly forecast prepared by the PFI, clearly indicating the total number of sub-borrowers expected to receive project funds, the total amount expected to be advanced to sub-borrowers for eligible
expenditures, and a confirmation that these sub-borrowers would be eligible to receive funds under this Project. This expenditure forecast from each PFI should be retained at DBE and form the basis of the forecast submitted to the Association for the Advance. Actual disbursements made by each PFI and the balances outstanding with them should be monitored by DBE and separately reported in the project financial reports. Statement of Expenditures will show transfers from DBE to PFIs and payments made by PFIs for eligible beneficiaries. Payments made by PFIs to eligible beneficiaries will be used to document advances to the Designated Account “A”. 

- Given the expected large number of sub-credits to sub-borrowers that PFIs are expected to disburse to beneficiaries and their relatively small average loan size, final sub-borrowers (i.e. women entrepreneurs) will not be required to submit any formal financial reporting for World Bank’s disbursement documentation purposes. A more simplified accountability mechanism is proposed to ensure that funds have been used for productive and intended purposes. Under this mechanism, Participating Financial Institutions (“PFI”) will be required to obtain, from each sub-borrower, periodical reports on how much project funds were received by them and what these were spent on. This information would be retained by PFIs and made available for Bank supervision and project audits. Based on this information, a summary report will be prepared quarterly by each PFI and sent to DBE. This report would comprise a list with the name of the sub-borrowers, the amount given as sub-credit to the sub-borrower, the amount spent by the sub-borrower, the balance left unspent, and the nature of expenditure incurred by the sub-borrowers. DBE will keep these lists and present a summary report to the World Bank (Attachment 4 A), duly certified by DBE management, for documentation of disbursements. Based on that summary report, World Bank supervision and auditors will perform random checks to verify the correctness and accuracy of the reported information and report any discrepancies found.

- All balances with PFIs that are not fully reported as spent by sub-borrowers by the Closing Date of the project should be promptly refunded to DBE, who in turn should refund these to the Association.

V. Other Important Information


From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement 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). From this website you will be able to download Applications, monitor the near real-time status of the Grant, 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 Jose Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Guang Z. Chen  
Country Director for Ethiopia  
Africa Region

Attachments - Please note that the attachments as per IDA 5112 Disbursement Letter dated June 12, 2012 and its First Amendment dated December 9, 2013 are valid for this Grant and are as follows:

2. Form for Authorized Signatures
4. A. Form of Statement of Expenditure (for Designated Account A, revised, as per First Amendment to Disbursement Letter dated December 9, 2013)  
B. Form of Statement of Expenditure (for Designated Account B)
5. Form of Payments Against Contracts Subject to the Bank’s Prior Review
6. Designated Account Activity Statement (revised, as per First Amendment to Disbursement Letter dated December 9, 2013)
Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Dear [Country Director]:

Re: Grant No. ____-____ (___________ Project)

I refer to the Grant Agreement ("Agreement") between the [International Bank for Reconstruction and Development/International Development Association] ("World Bank"), acting as [an implementing agency of the Global Environmental Facility] [administrator of the Global Partnership on Output-based Aid] [administrator of name of the trust fund], and [name of recipient] (the "Recipient"), dated ______, providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [1one] 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 Grant.

For the purpose of delivering Applications to the World Bank, [2each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [1individually] [4jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

[5This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

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1 Instruction to the Recipient when sending this letter to the World Bank: 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 World 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 World 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 World 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 World Bank.
the World Bank by electronic means. In full recognition that the World 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 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 World Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the World 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 Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation

March 1, 2013

The World Bank (Bank)\(^1\) will provide secure identification credentials (SIDC) 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.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

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 SIDC 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 receipt of his/her SIDC. 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. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

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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.
2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the
Signatory will access CC using his/her account name and CC Password and register
his/her Physical Token and set a personal identification number (PIN) to be used in
connection with the use of his/her Physical Token, after which the Physical Token will be
initialized for use by the Signatory exclusively for purposes of delivering Applications.
Where a Soft Token is to be used, the Signatory will access CC using his/her account
name and CC Password and set a personal identification number (PIN) to be used in
connection with the use of his/her Soft Token, after which the Soft Token will be
initialized for use by the Signatory exclusively for purposes of delivering Applications.
Upon initialization of the SIDC, the Signatory will be a “SIDC User”. The Bank will
maintain in its database a user account (Account) for each SIDC User for purposes of
managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will
have any access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC
User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

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

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

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

4. Security

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

4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an
Application to the Bank.

4.3. The SIDC 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 SIDC User believes a third party has learned his/her PIN or has lost his/her
Physical 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 SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. Reservation of Right to Disable SIDC

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

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User’s Account or both.

6. Care of Physical Tokens

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical 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, Physical 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. Physical 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 Physical Token.

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

7. Replacement

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

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