June 27, 2012

Hon. Dr. Samura M. W. Kamara  
Minister of Finance and Economic Development  
Ministry of Finance and Economic Development  
Freetown  
Republic of Sierra Leone

Excellency:

Re: DSDP Grant No. TF012665  
Decentralized Service Delivery Program II Project  
Additional Instructions: Disbursement

I refer to the Grant Agreement between the Republic of Sierra Leone (the “Recipient”) and the International Development Association (“World Bank”) acting as administrator of grant funds provided by the European Union, represented by the European Commission (“Donor”) under the Sierra Leone Decentralized Service Delivery Program II Project Single Donor Trust Fund for the above-referenced project of even date, herewith. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of the Grant No. TF012665 (“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
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) 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
Africanus House
13A Howe Street
Freetown, Sierra Leone
Attention: Yusupha D. Crookes
Country Director for Sierra Leone

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents to the address indicated below:

The World Bank
Africanus House
13A Howe Street
Freetown, Sierra Leone
Attention: Financial Management & Disbursement Unit

(iii) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is USD 100,000.

(iv) Advances (sections 5 and 6).

- Type of Designated Account (subsection 5.3): Segregated. A separate Designated Account will be used for LC Grants for Subprojects under Part 1 of the Project.


- Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): a commercial bank / financial institution acceptable to the World Bank.

- Ceiling (subsection 6.1): A flexible ceiling will be determined annually, based on the percentage as shall be specified in the Consolidated Project Annual Work Plan and Budget for the respective Fiscal Year.

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:
  - Interim Financial Report in the form attached (Attachment 3), duly approved by MOFED; and
  - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4)

- For reporting eligible expenditures paid from the Designated Account:
  - Interim Financial Report in the form attached (Attachment 3), duly approved by MOFED; and
• List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4)

• For requests for Direct Payment: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices and documentary evidence for delivery and acceptance of contracted goods and services. All payments for contracts in excess of $500,000 shall be made by Direct Payments method.

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

(iii) Other Supporting Documentation Instructions:
• Copies of bank statement of the Designated Account and a reconciliation statement should be attached to the Application for Withdrawal.
• When funds are transferred from the Designated Account to Local Councils, the name of the Local Council receiving funds and the reference number and date of the Subsidiary Agreement executed between the Local Council, Ministry of Finance & Economic Development (MoFED) and Ministry of Local Government and Rural Development (MLGRD) should be indicated in the Interim Financial Report (Attachment 3).
• Amount of replenishment of Designated Account will be determined from the amounts of eligible expenditures made from earlier Grants advanced to each Local Council, as reported in the Interim Financial Reports, and the percentage to be financed by the World Bank under this Project as agreed between the Recipient and the World Bank.

IV. Other Disbursement Instructions

Withdrawal Applications for reporting eligible expenditures or seeking replenishment under Category 1 should be separate from those under other Categories.

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 (http://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. 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 the Senior Finance Officer at email address <loa-afr@worldbank.org> using the above reference.

Yours sincerely,

S. Kulyk
Acting Country Director for Sierra Leone
Africa Region
Name
Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Address

[DATE]

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

Attention: Mr. Yusupha Crookes
Country Director for Sierra Leone
Africa Region

Dear Mr. Yusupha:

Re: Grant No. TF012665
Decentralized Service Delivery Program II Project

I refer to the Grant Agreement ("Agreement") between the International Development Association (the "World Bank") and [name of recipient] (the "Recipient"), dated ______, providing the above Grant. For the purposes of Section 3.04 of the Standard 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 Grant:

[Name], [position] Specimen Signature: ______________

[Name], [position] Specimen Signature: ______________

[Name], [position] Specimen Signature: ______________

Yours truly,

/ signed /

Minister of Finance and Economic Development

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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.
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)\(^2\) will provide secure identification devices (Tokens) to permit the Borrower\(^3\) 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
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

\(^2\) “Bank” includes IBRD and IDA.
\(^3\) “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the
recipient of a grant.
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.

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.
**STATEMENT OF EXPENDITURE**

Payments made during the period from __________ to __________

For expenditures against the contracts not subject to the Bank Prior Review

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category Name &amp; No. (**)</th>
<th>Currency and Total Amount of Contract</th>
<th>Name of Contractor / Payee</th>
<th>Currency and Total Amount of Invoice</th>
<th>Amount financed by Other Sources, if any</th>
<th>Amount covered by this Application (5-6)</th>
<th>Eligible % from Schedule 1 of Grant Agreement</th>
<th>Amount Eligible for Financing (7x 8)</th>
<th>US$ equivalent Amount Paid from Designated Account</th>
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**TOTALS**

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

(*) A separate SOE form should be used for retroactive financing.

(**) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category.