August 29, 2012

H.E. Ato Sufian Ahmed
Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Addis Ababa
Federal Democratic Republic of Ethiopia

Dear Ato Sufian,

Re: Ethiopia IDA Financing 5091-ET
(Additional Financing to Productive Safety Net Program APL III Project
Additional Instructions: First Restated Letter

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association"), and the Federal Democratic Republic of Ethiopia (the "Recipient") for the above-referenced project dated May 4, 2012. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing 5091-ET ("Financing"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The Disbursement Letter dated May 4, 2012 is hereby "Restated" to change the type of the Designated Account under bullets 2, and 3 of Section II. (vi) from the currently Designated Account in use under Credit 4666-ET to a new segregated Designated Account established at the National Bank of Ethiopia to be used only under Credit 5091-ET.

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 Financing 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
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Financing 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
Africa Avenue
Bole Road
Addis Ababa, Ethiopia
Attention: Country Director for Ethiopia

(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
Africa Avenue
Bole Road
Addis Ababa
Ethiopia
Attention: Loan Department,
Johannesburg, Republic of South Africa

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association 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 Association 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 Association agrees, the Association 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 Association 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 Reimbursements, Direct Payments and Special Commitment is $100,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** National Bank of Ethiopia
- **Ceiling (subsection 6.1):** Variable ceiling equivalent to expenditure forecast for 2 quarters, as reported in the quarterly Interim Financial Report, and consistent with the Annual Work Plan. To determine the ceiling for this Additional Credit, forecast expenditures will be attributed to this Additional Credit, the Original Credit 4666 ET and other donors co-financing this project, in the proportion that is agreed and documented in a Confirmation Letter to be issued by the Association. This attribution of the expenditure forecast should be documented in the Interim 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:**
  - Interim Financial Reports in the form attached (Attachment 4), with the expenditure to be reimbursed, if any, separately indicated.
  - 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 Account:**
  - Interim Financial Reports in the form attached (Attachment 4)
  - Summary Sheet of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)
  - Designated Account Activity Statement, in the form attached (Attachment 6)

• **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):** quarterly

(iii) **Other Supporting Documentation Instructions:**

- Copies of the bank statement of the Designated Account (for the Original Credit IDA 4666 ET and the Additional Credit) and a reconciliation statement for this account with the financial reports should be submitted with each application for withdrawal in the format attached. (Attachment 6).

- A copy of the Confirmation Letter issued by the World Bank, clearly stating the amount and percentage of expenditure to be financed by the Additional Credit, the Original Credit IDA 4666-ET and others co-financiers, for each expenditure category, should be submitted to accompany each withdrawal application.

- There will be one common Interim Financial report (Attachment 4) to document expenditures incurred and financed from this Additional Credit, the Original Credit IDA 4666-ET and other co-financiers. This report should be submitted on a quarterly basis and will attribute eligible expenditures to various financiers in a manner consistent with the project financial accounting system.
IV. Other Disbursement Instructions

- Funds may be transferred from the Designated Account to a pooled project bank account managed by the Ministry of Finance and Economic Development, and subsequently to other project bank accounts managed by various project implementing agencies as required for eligible expenditures. Each such transfer should be on the basis of a documented expenditure forecast. Actual expenditures incurred by each such implementing agency and the balances outstanding with them should be separately reported in the common Interim Financial Report (Attachment 4).

V. Other Important Information


If you have not done so, the Association recommends that you register as a user of the Client Connection website at 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 Association by email at https://clientconnection.worldbank.org.

If you have any queries in relation to the above, please contact Senior Finance Officer at LOA service account email address loa-afr@worldbank.org using the above reference.

Yours sincerely,

José C. Janeiro
Senior Finance Officer
Loan Department

Attachments: Please note that attachments 1 to 6 as per the original disbursement letter dated May 4, 2012 remain valid.