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April 11, 2019

Dr. R.H.S. Samaratunga
Secretary to the Treasury
Ministry of Finance
The Secretariat
Colombo 1, Sri Lanka

Excellency:

**Re: PMR Grant Number TF0B0017 (Climate Mitigation Action Support Project)**
**Additional Instructions: Disbursement and Financial Information Letter**

I refer to the Grant Agreement between Democratic Socialistic Republic of Sri Lanka ("Recipient") and the International bank for Reconstruction for Reconstruction and Development ("World Bank") acting as administrator of Grant Funds Provided by various Donors ("Donors") under the Partnership for Market Readiness Multi-Donor Trust Fund for the above-referenced Project, dated April 11, 2019. The Standard Conditions, as defined in the Grant Agreement, provide that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of PMR Grant Number TF0B0017 ("Grant"), and specify certain financial management reporting and audit requirements. This letter ("Disbursement and Financial Information Letter" or "DFIL"), as revised from time to time, constitutes such additional instructions.

The Disbursement Guidelines for Investment Project Financing dated February 2017, ("Disbursement Guidelines") are available in the World Bank's public website at https://www.worldbank.org and its secure website "Client Connection" at https://clientconnection.worldbank.org. The Disbursement Guidelines are an integral part of this Disbursement and Financial Information Letter, and the way the provisions in the guidelines apply to the Financing is specified below.

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

**(i) Disbursement Arrangements:**

The table in **Schedule 1** sets out the disbursement methods which may be used by the Recipient, 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.** Refer to section 7.01 (c) of the Standard Conditions:

The Recipient will deliver Withdrawal Applications (with supporting documents) electronically through the World Bank's web-based portal "Client Connection" at https://clientconnection.worldbank.org. This option will be effected after the officials designated in writing by the Recipient who are authorized to sign and deliver Withdrawal Applications have registered as users of "Client Connection". The designated officials will 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

documents to the World Bank by electronic means. The Recipient may exercise the option of preparing and delivering Withdrawal Applications in paper form on exceptional cases (including those where the Recipient encounters legal limitations), and which were previously agreed with the Bank. 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 World Bank'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.** Section 2.07 (a) and (b) of the Standard Conditions.

(i) **Financial Reports.** The Recipient shall prepare and furnish to the World Bank not later than forty-five (45) days after the end of each calendar quarter, Interim Unaudited Financial Reports (IUFR) for the project covering the calendar quarter.

(ii) **Audits.** Each audit of the Financial Statements shall cover the period of one (1) 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 shall be furnished to the World Bank not later than six (6) months after the end of such period.

**III. Other Important Information**

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the World Bank's website (http://www.worldbank.org/) and "Client Connection". The World Bank 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 Credit, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the World Bank by email at askloans@worldbank.org using the above reference.

Yours sincerely,

Hartwig Schafer
Vice President
South Asia Region

**Attachments**

1. Form of Authorized Signatories Letter
2. Format of IUFR

**Schedule 1: Disbursement Provisions**

| **Basic Information** | | | | | |
|---|---|---|---|---|---|
| **Credit Number** | PMR Grant Number TF0B0017 | **Country** | Democratic Socialist Republic of Sri Lanka | **Closing Date** | Section __ of Schedule 2 to the Grant Agreement. |
| | | **Recipient** | Democratic Socialist Republic of Sri Lanka | | |
| | | **Name of the Project** | Climate Mitigation Action Support Project | **Disbursement Deadline Date** *Subsection 3.7* ** | Two (2) months after the closing date. |

| **Disbursement Methods and Supporting Documentation** | | |
|---|---|---|
| **Disbursement Methods Section 2*** | **Methods Available** | **Supporting Documentation Subsections 4.3 and 4.4** |
| Direct Payment | Yes | Copy of Records - Invoice |
| Reimbursement | Yes | IUFR (Attachment 2 of the DFIL) |
| Designated Account | Yes | IUFR (Attachment 2 of the DFIL) |
| Special Commitments | Yes | Copy of Letter of Credit.<br>Proforma Invoice if cited in the Letter of Credit |

| **Designated Account (Section 5 and 6)** | | | |
|---|---|---|---|
| **Type** | Segregated to be operated by Ministry of Mahaweli Development and Environment | **Ceiling** | Variable |
| **Financial Institution – Name** | Central Bank of Sri Lanka | **Currency** | USD |
| **Frequency of Reporting** | Once in a quarter | **Amount** | Forecast for two quarters as provided in the IUFR. |
| | **Minimum Value of Applications (subsection 3.5)** | | |

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|---|
| The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is USD 100,000 equivalent. |

**Authorized Signatures** *(Subsection 3.1 and 3.2 **) The form for Authorized Signatories Letter is provided in Attachment 1 of this letter*
***Withdrawal and Documentation Applications*** *(Subsection 3.3 and 3.4 **)*

| **Authorized Signatories Letter:** | **Withdrawal and Documentation Applications:** |
|---|---|
| The World Bank<br>1st Floor, DFCC Building,<br>73/5, Galle Road,<br>Colombo 3, Sri Lanka.<br>Attention: Country Director, Sri Lanka | The World Bank<br>No. 11, Taramani Main Road<br>Taramani, Chennai – 600 113<br>India<br>Attention: Team Lead, WFACS |

*Sections and subsections indicated relate to the Disbursement Guidelines for Investment Project dated Financing 2017.

**Attachment 1 Form of Authorized Signatories Letter**

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

[Date]

The World Bank
1st Floor, DFCC Building,
73/5, Galle Road,
Colombo 3, Sri Lanka.
Attention: Country Director, Sri Lanka

**Re: PMR Grant Number TF0B0017**
**Climate Mitigation Action Support Project**

I refer to the Grant Agreement ("Agreement") between the international Bank for Reconstruction and Development ("World Bank"), acting as administrator of Grant Funds Provided by various Donors ("Donors") under the Partnership for Market Readiness Multi-Donor Trust Fund and [name of Recipient] ("Recipient"), dated _____, providing the above Grant. For the purposes of Section 3.04 of the Standard Conditions as defined in the Agreement, any [one][1] 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, [each][2] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [individually][3] [jointly][4], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to 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 World Bank that it will cause such persons to abide by those terms and conditions.][5]

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[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 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.*

[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 World Bank.*

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

[Name], [Position] Specimen Signature: _____

[Name], [Position] Specimen Signature: _____

[Name], [Position] Specimen Signature: _____

Yours truly,

/ signed /

_____
[Position]

**Attachment 2 Format of IUFR (Attached Seperarely)**

**CLIMATE MITIGATION ACTION SUPPORT PROJECT (P160552)**

**PMR Grany Number_____**

**Designated Account Expenditures for Contracts NOT subject to Prior Review**

**For the Quarter Ended _____**

Period :

| Disbursement Cat./Subcat. (col. 1) | Total Expenditures (col. 2) | % PMR Grant (col. 3) | Eligible for PMR Grant Financing (col. 4)=(col. 2)*(col. 3) | PMR Grant Share Amount Paid from DA (col. 5) | Government/Other Share (col. 6) |
|---|---|---|---|---|---|
| Disbursement categories as stipulated in the Grant Agreement | | | | | |
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