H.E. Santina Jose Rodrigues Fereira Viega Cardoso
Minister of Finance
Ministry of Finance
Palacio do Governo
Edificio 2, 1º Andar
Dili
Democratic Republic of Timor-Leste

Dear Excellency,

**IDA Financing 5303-TL, IBRD Loan No. 8290-TL, and IDA Financing 6012-TL**
**(First and Second Additional Financing for the Road Climate Resilience Project)**

**Additional Instructions: Disbursement**

I refer to the Financing Agreement for IDA 5303-TL, the Loan Agreement for IBRD 8290-TL, and the Financing Agreement for 6012-TL (Agreements) between the Democratic Republic of Timor-Leste ("Recipient"/ "Borrower") and the International Development Association ("Association") or the International Bank for Reconstruction and Development ("Bank"), for the above-referenced project, dated November 18, 2013 and **7 June, 2017**. The Agreements provide that the Association/Bank may issue additional instructions regarding the withdrawal of the proceeds of financing IDA 5303-TL, Loan no 8290-TL and IDA 6012-TL ("Financing"). This letter ("Disbursement Letter"), as revised from time to time and duly notified to the Recipient/Borrower, constitutes the additional instructions.

The attached *Disbursement Guidelines for Investment Project Financing*, dated February 2017, ("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 Financings 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 Financing:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is four months after the Closing Date specified in the Financing Agreements. Any changes to this date will be notified by the Bank.
II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1).

An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the 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  
Level 19, 14 Martin Place  
CML Building  
Sydney NSW 2000  
Australia

Attention: 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  
26/F, One Global Place  
5th Ave. corner 25th Street  
Bonifacio Global City  
Taguig City, Philippines

Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Association/Bank may permit the Recipient/Borrower to electronically deliver to the Association/Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the Association/Bank by electronic means may be effected if: (a) the Recipient/Borrower 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 Association/Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient/Borrower have registered as users of Client Connection. If the Bank agrees, the Association/Bank will provide the Recipient/Borrower 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/Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Association/Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient/Borrower.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient/Borrower 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 Secure Identification..."
Credentials" 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 Withdrawal Applications for Direct Payment, Reimbursement and Special Commitment is USD50,000.

(vi) Advances (sections 5 and 6) to the Government of the Democratic Republic of Timor-Leste

- **Type of Designated Account (subsection 5.3):** One Pooled Account for IDA 5303, IBRD 8290 and IDA 6012-TL
- **Currency of Designated Account (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** Banco Nacional Ultramarino
- **Ceiling (subsection 6.1):**
  
The current ceiling for IDA 5303 and IBRD 8290 is USD2,000,000.
  
  This ceiling will be reduced to USD200,000 by October 31, 2017.
  
The ceiling for IDA 6012-TL is USD200,000.
  
  Beginning November 1, 2017, individual ceilings of each Financing may be revised from time to time with prior approval by the Association/Bank based on the Project’s financing needs but will be at all time within the combined ceiling of US$400,000.

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:**
  
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Works valued at US$1,000,000 equivalent per contract or more;
    - Goods and Consultant firm costing US$500,000 equivalent per contract or more;
    - Individual consultants and non-consultant services costing US$150,000 equivalent or more;
    - Operating Costs and Training costing US$80,000 or more.
  
  - Statement of Expenditure in the form attached (Attachment 4) for payments against contracts that do not exceed the thresholds established in the previous bullet.
- List of payments in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) against contracts that are subject to the Association’s/Bank’s prior review.

- **For reporting eligible expenditures paid from the Designated Account:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Works valued at US$1,000,000 equivalent per contract or more;
    - Goods and Consultant firm costing US$500,000 equivalent per contract or more;
    - Individual consultants and non-consultant services costing US$150,000 equivalent or more;
    - Operating Costs and Training costing US$80,000 or more.
  - Statement of Expenditure in the form attached (Attachment 4) for payments against contracts that do not exceed the thresholds established in the previous bullet.
  - List of payments in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) against contracts that are subject to the Association’s/Bank’s prior review.
  - A designated account reconciliation (Attachment 6) and related bank statement.

- **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

**(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):** Quarterly or more often as needed

**IV. Other Important Information**


If you have not already done so, the Association/Bank recommends that you register as a user of the Client Connection website ([https://clientconnection.worldbank.org](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/Borrower 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/Bank by email at <clientconnection@worldbank.org>.
If you have any queries in relation to the above, please contact the World Bank Loan Department by sending an email to WFALN_Manila@worldbank.org and indicating the financing and loan number and name in the subject line.

Sincerely,

Mona Sur
Acting Country Director
Timor-Leste, Papua New Guinea & Pacific Islands
East Asia and Pacific Region

Attachments:
1. Disbursement Guidelines for Investment Project Financing, dated February 2017
2. Form for Authorized Signatures
4. Form of Statement of Expenditures
5. Form of Payments Made during Reporting Period Against Contracts Subject to the Association’s/Bank’s Prior Review
6. Form of Designated Account Reconciliation Statement

Cc with copies:
Ministry of Public Works, Transport, and Communication
Bispo de Madeiros Street, no. 8
Caicoli, Dili
Democratic Republic of Timor-Leste

Directorate of Treasury – Ministry of Finance
Palacio do Governo
Edificio 2, 1º Andar
Dili
Democratic Republic of Timor-Leste

PPP/Loan Unit – Ministry of Finance
Palacio do Governo
Edificio 2, 1º Andar
Dili
Democratic Republic of Timor-Leste
Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
Palacio do Governo, Edificio 2, 1º Andar
Dili, Democratic Republic of Timor-Leste

[DATE]

The World Bank
Level 19, 14 Martin Place
CML Building
Sydney NSW 2000
Australia

Attention: Michel Kerf

Re: IDA Financing 5303-TL, IBRD Loan no 8290-TL and IDA Financing No 6012-TL
(First and Second Additional Financing for the Road Climate Resilience Project)

I refer to the Financing Agreement for IDA 5303-TL, the Loan Agreement for IBRD 8290-TL, and the Financing Agreement for 6012 (Agreements) between the Democratic Republic of Timor-Leste ("Recipient"/ "Borrower") and the International Development Association ("Association") or the International Bank for Reconstruction and Development ("Bank"), for the above-referenced project, dated November 18, 2013 and [ dated. ] For the purposes of Section 2.03 of the General Conditions as defined in the Agreements, any 1[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/Bank, 2[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient/Borrower, acting 3[individually] 4[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association/Bank.

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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 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 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 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 Bank.
5[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 Association/Bank by electronic means. In full recognition that the Association/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 Association/Bank that it will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the Association/Bank records with respect to this Agreement.

[Name], [position]  Specimen Signature: __________________

[Name], [position]  Specimen Signature: __________________

[Name], [position]  Specimen Signature: __________________

Yours truly,

/ signed /

______________________
[Position]

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 Bank.
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.

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

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\(^1\) “Bank” includes IBRD and IDA.

\(^2\) “Borrower” includes the borrower/recipient of an IBRD loan, IDA credit, Project Preparation Facility advance and grant.
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](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.
## Statement of Expenditures (SOE)

Payments made during the period from __________ to __________

Date: __________

Application no.: __________

Financing no.: __________

SOE No.: __________

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category No. (*)</th>
<th>Currency and Total Amount of Contract</th>
<th>Currency and Total Amount Covered by Application (Net of Retention)</th>
<th>Eligible % from Financing/Loan Agreement</th>
<th>Amount Eligible for Financing (4 x 5)</th>
<th>Currency and Amount Paid from Designated Account (if Applicable)</th>
<th>Exchange Rate (Col. 7 divided by Col. 6)</th>
<th>Remarks</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
## Payments Made during Reporting Period

### Against Contracts Subject to the Association’s/Bank’s Prior Review

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of Association’s/Bank’s Non-Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
<th>Association’s/Bank’s Share of Amount Paid to Supplier during Period</th>
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DESIGNATED ACCOUNT RECONCILIATION STATEMENT:

IDA/IBRD Financing NUMBER __________________
ACCOUNT NUMBER ____________ WITH (BANK) ____________________________

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) $____________
2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - $____________
3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO
   THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2) = $____________

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4. BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK
   STATEMENT AS OF DATE ______________________ $____________
5. PLUS: TOTAL AMOUNT CLAIMED IN THIS
   APPLICATION NO. _______________ + $______________ *
6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED
   REASON: ____________________________ + $______________ *
7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS
   NOT YET CREDITED AT DATE OF BANK STATEMENTS

<table>
<thead>
<tr>
<th>APPLICATION NO.</th>
<th>AMOUNT *</th>
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SUBTOTAL OF PREVIOUS
APPLICATIONS NOT YET CREDITED + $______________

8. MINUS: INTEREST EARNED - $______________ *
9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = $______________
10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:


11. DATE: ____________________ SIGNATURE: ____________________
    TITLE: ____________________

* ALL ITEMS SHOULD BE INDICATED ON THE BANK STATEMENT

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