March 13, 2014

H.E Mohamed Ali Soilihi
Vice President in charge of the Ministry of Finance, Economy, Budget Investment and Foreign Trade, in charge of Privatization
Moroni
COMOROS

Excellency:

Re: Union of the Comoros: JSDF Grant for the Comoros Coastal Resources Co-Management for Sustainable Livelihood Project
Grant No. TF098850
Additional Instructions: First Restatement of Disbursement Letter

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of the grant fund provided by Japan under the Japan Social Development Fund and the Union of the Comoros (the "Recipient") for the above-referenced project, dated March 16, 2012. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF098850 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This Disbursement Letter is a First Restatement of the Disbursement Letter dated March 25, 2012 for the above referenced project to restate: (a) Section II (vi) to include a new Designated Account and to introduce instructions related to the management of the Designated Accounts; and (b) Section IV to introduce new instructions related to the management of sub-accounts in local currency. In addition, the address where withdrawal application should be sent, stated in Section II (ii), has also been updated. All other provisions and attachments of the Disbursement Letter dated March 16, 2012, except as amended, shall remain in force and effect.

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
- Special Commitment

(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is 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:

World Bank
1818 H Street
Washington D.C., NW 20433
USA
Attention: Haleh, Z. Bridi, Country Director for Comoros

(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
Loan Department
13th Floor
Delta Center
Menengai Road
Upper Hill
P.O. Box 30577-00100
Nairobi, Kenya
Tel: +254 20 2936 000

(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 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 ("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 of all applications except for replenishment applications should be 20% of the advance in the Designated Account

(vi) Advances (sections 5 and 6).

- **Type of Designated Account[s] (subsection 5.3):** Two Segregated Designated Accounts:

  One Designated Account (DA.A) managed by the DGRH, with a maximum of $150,000 for eligible expenditure under category 1 as listed in the Grant Agreement.

  One Designated Account (DA.B) managed by the FADC, with a maximum of $150,000 for eligible expenditure under category (2) as listed in the Grant Agreement.

- **Currency of Designated Accounts (subsection 5.4):** USD

- **Financial Institutions at which the Designated Account[s] Will Be Opened (subsection 5.5):**
  - DA.A: Banque Centrale des Comores
  - DA.B: Exim Bank Comores SA

- **Ceiling (subsection 6.1):**
  - DA.A: USD 150,000
  - DA.B: USD 150,000
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 and reporting eligible expenditures paid from the Designated Account:**
  
  o Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued at USD 150,000 or more for goods; USD 100,000 or more for consulting firms and USD 25,000 or more for individual consultants,

  o Statement of Expenditure in the form attached (Attachment 4 and 6) for all other expenditures / contracts; and

  o List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)

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

- **For requests for Special commitments:**
  
  o Letter of credit
  o Copy of the contract

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

(iii) Other Supporting Documentation Instructions

Copies of the bank statements of all Designated Accounts and a reconciliation statement for Designated Accounts A and B should be submitted with each Application for withdrawal for replenishment of the Designated Accounts.

IV. Other Disbursement Instructions

The Project could also maintain bank accounts in local currency (i.e. sub-accounts), provided it is within the agreed ceiling. Payments from the sub-accounts can be replenished as disbursements occur and proper supporting documents are filed. The Borrower is responsible for bearing all risks associated with foreign exchange fluctuations when making transfers from the Designated Accounts, which are denominated in US Dollars, to the sub-accounts denominated in local
currency. At the end of the project, any unused balances in the sub-accounts should be deposited to the related Designated Accounts, including any balance in local currency which should be converted to US Dollars.

IV. Other Important Information


From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information.

If you have not already done so, the Association recommends that you register as a user of the Client Connection website (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 <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Faly Diallo, Finance Officer at LOA-AFR@worldbank.org using the above reference.

Sincerely,

Halej Z. Badi
Country Director for Comoros
Africa Region