November 19, 2012

Dr. Ngozi Okonjo-Iweala  
Coordinating Minister for the Economy  
and Honorable Minister of Finance  
Federal Ministry of Finance  
Finance Headquarters  
Central Business District  
Abuja, FCT Federal Republic of Nigeria

Dear Honorable Minister,

Re: IDA Financing 4667-NG (Public Sector Governance Reform and Development Project)  
First Revised Disbursement Letter dated June 29, 2012  
Additional Instructions: Disbursement

I refer to the Financing Agreement (“Agreement”) between the Federal Republic of Nigeria (“Recipient”) and the International Development Association (the “Association”), for the above-referenced project dated June 29, 2012. The Agreements provide that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Financing 4667-NG (“Financing”). This first revised version includes modifications on the various Designated Accounts and ceilings. 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 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 Financing:

- Reimbursement
- Direct Payment
- Advances
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four [4] months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.
(iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Disbursement Condition(s) in the Financing Agreement.

## II. Withdrawal of Financing Proceeds

(i) **Authorized Signatures (subsection 3.1).**
A letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank,
Nigeria Country Office,
102, Yakubu Gowon Crescent,
Asokoro, Abuja,
Federal Republic of Nigeria.
Attention: Marie Francoise Marie-Nelly
Country Director for Nigeria

(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,
Nigeria Country Office,
102, Yakubu Gowon Crescent,
Asokoro, Abuja,
Federal Republic of Nigeria.
Attention: Financial Management & Disbursements Unit

(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 Payment is USD 200,000.

**(vi) Advances (sections 5 and 6).**

- **Type of Designated Accounts (subsection 5.3):**
  - Designated Account (A) to be managed by Federal Ministry of Finance for eligible expenditures under Part F: Segregated.
  - Designated Account (B) to be managed by Kogi State for expenditures under Parts A, B, and C: Segregated.
  - Designated Account (C) to be managed by Ondo State for expenditures under Parts A, B, and C: Segregated.
  - Designated Accounts (D) to be managed by Bauchi State for expenditures under Part E: Segregated.
  - Designated Accounts (E) to be managed by Kaduna State for expenditures under Part E: Segregated.
  - Designated Account (F) to be managed by FPFMD eligible expenditures under Part D on behalf of Selected States: Segregated

- **Currency of Designated Accounts (subsection 5.4):** US Dollars

- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):** A commercial bank/financial institution acceptable to the Association.

- **Ceiling (subsection 6.1):**
  
  Designated Account (A): USD 400,000  
  Designated Accounts (B): USD 1 million  
  Designated Accounts (C): USD 1 million  
  Designated Accounts (D): USD 500,000  
  Designated Accounts (E): USD 500,000  
  Designated Account (F): USD 500,000

**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 and reporting eligible expenditures paid from the Designated Accounts:
    - Summary Sheet of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 5);
    - 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 payments against contracts valued more than USD500,000 for goods and works, USD 300,000 for consulting firms, and USD 50,000 for individual consultants and operating expenses; and
For requests for Direct Payment and Special Commitments: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices and documentary evidence of delivery and acceptance of contracted goods or service.

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

(iii) Other Supporting Documentation Instructions

- For disbursement of the Credit proceeds from Designated Account (F) as an advance to project bank accounts of Selected States, the Statement of Expenditures should include information on the name of the receiving Selected State and the date of its duly executed Subsidiary Agreement with the Recipient.
- Copies of the bank statement of the Designated Account and a reconciliation statement for this account should be submitted with each Application for replenishment.
- All supporting documentation for SOEs will be retained by the respective implementing entity and must be made available for review by periodic World Bank missions and internal and external auditors.

IV. Other Disbursement Instructions

- Advances into the Designated Account (F) will be made only after submission of documentary evidence that (i) each Selected State and Original Project State has executed a Subsidiary Agreement with the Recipient; and (ii) The financial management action plan at the Selected State have been assessed and found to be completed by the Association.
- Separate Withdrawal Applications should be made for withdrawals and reporting of expenditures under each Designated Account.
- No fund transfers between the various Designated Accounts should be made without prior written agreement by the Association.

V. 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 any queries in relation to the above, please contact the Loan Department at service account email address ‘LOA-afr@worldbank.org’ using the above reference.
Yours sincerely,

[Signature]

Luis Schwarz
Senior Finance Officer
CTRLD

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of “Statements of Expenditures” (SOEs)
5. Form of Summary Sheet for Payments Against Contracts Subject to the World Bank’s Prior Review
6. Form of Transfers of Grants to a Beneficiary

Luis Schwarz