H.E. Mohamed Aden Ibrahim  
Minister of Finance  
Ministry of Finance and Planning  
Villa Somalia  
Mogadishu, Somalia

Excellency:

Re: SMPF Grant Number TF0A1754  
(Urban Investment Planning Project)  
Additional Instructions: Disbursement

I refer to the Grant Agreement between the International Development Association ("Association"), acting as administrator of the Somalia Multi Partner Fund ("SMPF") and the Federal Republic of Somalia ("Recipient") for the above-referenced project, of even date herewith. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF0A1754 ("Grant"). 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 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 Withdrawal Condition in the Grant Agreement under Schedule 2 section IV paragraph B.1.
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
Delta Center
Menengai Road
Nairobi, Kenya

Attention: Country Director: Bella Bird

(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, Loan Department
Delta Center, 13th Floor
Menengai Road
Nairobi, Kenya

Tel: +254 20 2936 000

Attention: Loan Department

(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.
(vi) **Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications is 10,000 USD

(vii) **Advances (sections 5 and 6)**

- **Type of Designated Accounts (subsection 5.3):** Two Segregated Accounts being:
  - Designated Account “DA-A” to be managed by FGS ministry of Finance (EAFS) for disbursement under category 1 of the Grant Agreement
  - Designated Account “DA-B” to be managed by Puntland State Ministry of Finance for disbursement under category 2 of the Grant Agreement

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

- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):** DA-A Central Bank of Somalia; and DA-B a commercial bank acceptable to the Association

- **Ceiling (subsection 6.1):**
  - DA-A and DA-B ceiling is 220,000 USD respectively

### 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:**
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)
  - Statement of Expenditure in the form attached (Attachment 4)

- **For reporting eligible expenditures paid from the Designated Accounts:**
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)
  - Statement of Expenditure in the form attached (Attachment 4)

- **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):** Not later than quarterly
(iii) Other Supporting Documentation Instructions

Copies of the bank statements of the Designated Accounts and a reconciliation statement (Attachment 6) for these Accounts should be submitted with each Application of replenishment.

IV. Other Disbursement Instructions

Funds may be transferred into project accounts opened by the Benadir Regional Administration (BRA) and by the Garowe Municipality (GM) for payment of local project related expenditures under DA-A and DA-B respectively. Balances from these accounts are to be reconciled back into the Designated Account reconciliation statements.

V. Other Important Information


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

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, 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 World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Christiaan Nieuwoudt, Finance Officer at cnieuwoudt@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Country Director, Somalia
Africa Region
Attachments

2. Form for Authorized Signatures
4. Form for Statement of Expenditures
5. Form for Summary Sheet for Payments Against Contracts Subject to the Association’s Prior Review
6. Designated Account reconciliation
Attachment 2

Form of Authorized Signatory Letter

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

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Bella Bird

Dear [Country Director]:

Re: SMPF Grant No. TF0A1754 (Urban Development Preparation Project)

I refer to the Grant Agreement ("Agreement") between the International Development Association ("Association"), acting as administrator of the Somalia Multi Partner Fund ("SMPF"), and the Federal Republic of Somalia (the "Recipient"), dated [DATE], providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [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 Grant.

For the purpose of delivering Applications to the World Bank, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [individually] [jointly], 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 the World Bank that it will cause such persons to abide by those terms and conditions.

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

[Name], [position] Specimen Signature: ______________________

[Name], [position] Specimen Signature: ______________________

[Name], [position] Specimen Signature: ______________________

Yours truly,

/ signed /

[Position]
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 Borrower2 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. 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 identification number (PIN) to be used in connection with the

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1 “Bank” includes IBRD and IDA.

2 “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and
the recipient of a grant.
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.

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.
### Annex 4 - Disbursement Letter

**STATEMENT OF EXPENDITURE (SOE)**

**Project Name:**

**Payments made during the period from**

To

**Date:**

**Application No.:**

**Grant No.:**

**SOESheet No.:**

<table>
<thead>
<tr>
<th>No.</th>
<th>Category</th>
<th>Name of Supplier, Contractor, or Consultant</th>
<th>Brief Description of Goods or Services</th>
<th>Total Amount of Contract (Include all currencies)</th>
<th>Currency of Expenditure</th>
<th>Total invoice amount covered by this application (net of retention)</th>
<th>Eligible % of Financing</th>
<th>US$ Equivalent paid from Designated Account</th>
<th>Use of Payment</th>
<th>Exchange Rate ($)</th>
<th>Remarks</th>
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**Supporting documents for this SOE retained at:**

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### Summary Sheet For expenditures against the contracts subject to the Bank Prior Review

<table>
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<tr>
<th>Item No.</th>
<th>Category No. &amp; Description (*)</th>
<th>Currency and Total Amount of Contract</th>
<th>Name of Contractor</th>
<th>Ref. No. of Contract</th>
<th>Date of NOL from World Bank</th>
<th>Invoice No. &amp; date</th>
<th>Currency and Total Amount of Invoice Covered by Application (Net of Retention) #</th>
<th>Eligible % from Schedule 1 of Financing Agreement</th>
<th>Amount Eligible for Financing (8 x 9)</th>
<th>Currency and Amount Paid from Designated Account (if Applicable)</th>
<th>Exchange Rate (Col. 11 divided by Col. 10)</th>
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**Remarks:**

- Authorized Signatory

**Supporting documents for this Application retained at __________________________ (insert location)

- Exclude amount financed by other donors, if any

- A separate form should be used for retroactive financing

- Items should be grouped by category; or alternatively, a separate form may be used for each category
Designated Account Reconciliation Statement

Credit No.:
Bank and Account No.:

Part I
1. Cumulative advances to end of current reporting period
2. Cumulative expenditures to end of last reporting period
3. Outstanding advances to be accounted (1-2)

Part II
4. Opening DA balance at beginning of reporting period (per Bank statement attached, as of ....)
5. Add/Subtract: Cumulative adjustments, including interest earned and recoveries by WB, (if any)
6. Advances received from the World Bank during current reporting period
7. Closing DA balance at end of current reporting (per Bank statement attached, as of ....)
8. Outstanding amount of advances to be accounted for (4+5+6-7)
9. Total Expenditures reported for current reporting period, including this Application
   
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Total (9)
10. Difference (if any) 9-8

Remarks

Approved by: