Dear Sir:

I refer to the Letter Agreement ("Agreement"), dated November 20, 2009, for the above-referenced Project, entered into between the Nile Basin Initiative (variously, "Recipient" and "NBI"), and the International Bank for Reconstruction and Development ("IBRD") and International Development Association ("IDA") (collectively, "World Bank"), acting as administrator of grant funds provided by various donors to the Nile Basin Initiative Trust Fund, which Agreement countersigned November 30, 2009. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of NBTF Grant TF096105 ("Grant"). By a letter ("Disbursement Letter") dated November 20, 2009, the World Bank constituted the additional instructions. In this first revision of the Disbursement Letter, we wish to indicate a new minimum value for withdrawal applications. This Disbursement Letter supersedes the previous version.

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 four [4] months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the Association.

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
1818 H Street, N.W.
Washington, DC 20433,
United States of America
Attention: Loan Department

(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,
4 Fricker Road,
Illovo Boulevard, 2196
Johannesburg,
Republic of South Africa
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 devices (“Tokens”) 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 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 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 Tokens to Process Applications.** By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signature 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 is US$ 60,000.00

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

- **Type of Designated Account (subsection 5.3):**
  
  *Designated Account:* RATP Designated Account: Segregated

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

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

- **Ceiling (subsection 6.1):** USD 500,000.00

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:**
  
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts of: (a) goods valued at US$ 100,000 or more; (b) services of consulting firms valued at US$ 100,000 or more; and (c) services of individual consultants valued at US$ 50,000 or more.
  
  - Statement of Expenditure in the form attached (Attachment 4): and

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

- **For reporting eligible expenditures paid from the Designated Account:**
  
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts of (a) goods valued at US$ 100,000 or
more; (b) services of consulting firms valued at US$ 100,000 or more: and (c) services of individual consultants valued at US$ 50,000 or more.

- Statement of Expenditure in the form attached (Attachment 4): and
- 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.

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

IV. Other Important Information


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

If you have any queries in relation to the above, please contact Hassine Hedda, Finance Officer at service address LOA-afr@worldbank.org, using the above reference.

Yours sincerely,

Hassine Hedda
Finance Officer
Loan Department
CTRLA

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of “Statement of Expenditure”
5. Form of Summary Sheet for Payments Against Contracts Subject to the World Bank’s Prior Review.
6. Initial allocations of the Grant to Project implementing entities

Hassine Hedda

Cleared with and cc: John Bryant Collier - LEGAM
John Bryant Collier - Task Team Leader