Minister Augusto Archer de Sousa Manguinha
Minister
Ministry of Finance
Largo da Mutamba
Luanda, Republic of Angola

Excellency:

Re: Loan No. 8702-AO
(Angola Second Water Sector Institutional Development Project)
Additional Instructions: Disbursement

I refer to the Loan Agreement ("Agreement") between the Republic of Angola (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") for the above-referenced project, of even date herewith. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. 8702-AO ("Loan"). 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 Loan Agreement:

- Reimbursement
- Advance
- Direct Payment

(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is 4 months after the closing date specified in the Loan 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 Section B 1 of Schedule 2, Section IV to the Loan Agreement.

II. Withdrawal of PPA 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
Largo Albano Machado 23 25
Mascusso
Luanda, Angola

Attention: Clara Ana Coutinho de Sousa

(ii) **Applications (subsections 3.2 - 3.3).** Please provide completed and signed (a) applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank,
Delta Center, 13th Floor,
Menengai Road, Upper Hill,
Nairobi, Kenya.

Attention: Loan Department

Contact Telephone number: 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 effectuated 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 to Process Applications and Supporting Documentation ('Terms and Conditions of Use of Electronic Means to Process Applications and Supporting Documentation') 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 is USD 20,000.
(vi) Advances (sections 5 and 6).

- **Type of Designated Accounts (subsection 5.3):** 2 Segregated account
- **Currency of Designated Account[s] (subsection 5.4):** USD
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** The Designated Account will be opened at a Commercial Bank accepted by World Bank.
- **Ceiling (subsection 6.1):** USD 3,000,000

III. Reporting on Use of Loan 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 for reporting expenditures paid from the Designated Account:**
  - Statement of Expenditure in the form attached (Attachment 4) for all expenditures
- **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 less than quarterly.

IV. Other Important Information


From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the PPA, 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 (http: clientconnection.worldbank.org). From this website, you will be able to download Applications, monitor the near real-time status of the PPA, and retrieve related policy, financial, and procurement information. 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 Jose Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.
Yours sincerely.

By:

Chair, A Lopes Da Silva
Country Manager for Angola

Attachments

NA1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
NA2. Form for Authorized Signatures
NA4. Form of Statements of Expenditure (SOE)