H.E. Matia Kasaija
Minister of Finance, Planning and Economic Development
Ministry of Finance, Planning and Economic Development
Kampala
Republic of Uganda

Honorable Minister:

Re: JSDF Grant TF0A2643-UG (Northern Uganda Business Support Development Project)
Additional Instructions: Disbursement

I refer to the Letter Agreement ("Agreement") between the International Development Association (the "World Bank"), acting as administrator of grant funds provided by Japan ("Donor") under the Japan Social Development Fund ("JSDF") and Republic of Uganda (the "Recipient") for the above-referenced project, dated October 31, 2016. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds from the Grant No.TF0A2643-UG ("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 four 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 Conditions in the Grant Agreement.
II. Withdrawal of Grant Proceeds

(i) Authorized Signatories for Withdrawal Applications. An authorized signatory 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 Withdrawal Applications:

The World Bank Office
Rwenzori House
Kampala, Uganda
Attention: Country Manager

(ii) Withdrawal Applications. Please provide completed and signed Withdrawal Applications, to the address indicated below:

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

(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 credentials (“SIDC”) 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 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 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 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 Secure Identification Credentials”) 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 US$200,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Accounts (subsection 5.3):** Segregated
- **Currency of Designated Accounts (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):** Bank of Uganda
- **Ceiling (subsection 6.1):** forecast for 2 quarters as provided in the quarterly Interim Financial Reports and consistent with the Annual work Plan and Budget and acceptable to the Association.

III. Reporting on the 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 for reporting eligible expenditures paid from the Designated Accounts:**
  - Interim Financial Report ("IFR") in the form attached (Attachment 4); and
  - List of payments against contracts that are subject to the Association’s prior review, in the form attached (Attachment 5)

- **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 (subsection 6.3): Quarterly.

IV. Other Disbursement Instructions
Funds may be transferred from the DA into an OPM operations account in local currency. The funds in this project account may be distributed into each pilot district’s consolidated account for onward transfer into the district’s sub-project accounts. These account need to be accounted for in the Designated Account Activity Statement as per the IFR together with each Application for Withdrawal.

V. Other Important Information

For additional information on disbursement arrangements and electronic delivery of Withdrawal Applications, please visit our secure website “Client Connection” at https://clientconnection.worldbank.org.
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 Withdrawal Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and other information. All Recipient officials authorized to sign and deliver Withdrawal 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 Christiaan Nieuwoudt, Finance Officer at Loa-afr@worldbank.org or a member of the Loan Department team responsible for the Uganda portfolio using the above reference.

Yours sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Christina Malmborg Calvo
Country Manager for Uganda
Africa Region

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of Interim Unaudited Financial Statements
5. Form of Payments Against Contracts Subject to the World Bank’s Prior Review
Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
[Street address]

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

Attention: [Country Director]

Re: JSDF Grant TF0A2643-UG (Northern Uganda Business Support Development Project)

I refer to the Grant Agreement between the International Development Association (the “World Bank”) acting as administrator of grant funds provided by Japan (“Donor”) under the Japan Social Development Fund (“JSDF”) and Republic of Uganda (the “Recipient”) for the above-referenced project, dated ______________, providing the above Grant. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any 1[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Grant.

For the purpose of delivering Applications to the Association, 2[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting 3[individually] 4[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

5[This confirms that the Recipient is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the Association by electronic

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1 Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Bank.

2 Instruction to the Borrower: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Bank.

3 Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

4 Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.
means. In full recognition that the Association 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens"), the Recipient represents and warrants to the Association that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.

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

[Name], [position]  Specimen Signature: _________________

[Name], [position]  Specimen Signature: _________________

[Name], [position]  Specimen Signature: _________________

Yours truly,

/ signed /

[Position]

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5 Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. Please delete this footnote in final letter that is sent to the Bank.
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)\(^6\) will provide secure identification credentials (SIDC) to permit the Borrower\(^7\) 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 (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.

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\(^6\) “Bank” includes IBRD and IDA.

\(^7\) “Borrower” includes the borrower of an IBRD loan, IDA Grant, or Project Preparation Facility advance and the recipient of a grant.
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 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.
Office of the Prime Minister  
Northern Uganda Social Action Fund  
IDA Loan No.:  

Sources and Uses of Funds for the Quarter Ended xxxxxxxxxx  

Currency: Ugandan Shillings  

<table>
<thead>
<tr>
<th>Sources of Funding</th>
<th>Current Quarter</th>
<th>Cumulative</th>
<th>Requirement for next 6 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSDF TF Account</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Through Designated Account</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Through Direct Payments</td>
<td>-</td>
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<tr>
<td><strong>Total Funding</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
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<thead>
<tr>
<th>Uses of Funds by Category</th>
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</thead>
<tbody>
<tr>
<td>(1) Consultant Services</td>
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<tr>
<td>(2) Training and Workshops</td>
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<tr>
<td>(3) Goods</td>
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<td></td>
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</tr>
<tr>
<td>(4).(i) Micro-Grants under Part 1(c)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>(4).(ii) Micro-Credits under Part 1(c)</td>
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</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>-</strong></td>
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<td><strong>-</strong></td>
</tr>
</tbody>
</table>

| Surplus / Deficit           |                  |            |                              |
|Translation (Loss)/Gain      |                  |            |                              |

| Net cash Inflows            |                  |            |                              |

| Opening Cash Balances       |                  |            |                              |
| JSDP TF Designated Account  |                  |            |                              |
| Subprojects Local Currency Account |          |            |                              |
| operations local currency account |            |            |                              |
| NUBSP District subproject account |            |            |                              |
| **Total Opening Cash Balances** |            |            | **-**                        |

| Closing Cash Balances       |                  |            |                              |
| JSDP TF Designated Account  |                  |            |                              |
| Subprojects Local Currency Account |          |            |                              |
| operations local currency account |            |            |                              |
| NUBSP District subproject account |            |            |                              |
| **Total Closing Cash Balances** |            |            | **-**                        |

Director                                      Permanent Secretary
Form of Interim Unaudited Financial Report  
Designated Activity Statement (Attachment 4-2)

5.0 Designated Account (DA) Activity Statement  
For the Reporting Period Ended: xxxxxxxxxxxxxx

Project Name: Northern Uganda Social Action Fund  
IDA Loan No.:  
Deposit Bank: Bank of Uganda, Kampala. A/C No: xxxxxxxxxxxxxx  
Currency of DA: US dollars

<table>
<thead>
<tr>
<th>PART I</th>
<th>in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cumulative advances to end of current reporting period</td>
<td></td>
</tr>
<tr>
<td>2. Cumulative expenditures to end of last reporting period</td>
<td></td>
</tr>
<tr>
<td>3. Outstanding Advance to be accounted (line 1 minus line 2)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>PART II</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>4. Opening DA balance at beginning of reporting period</td>
<td></td>
</tr>
<tr>
<td>5. Add/subtract: Cumulative adjustments (if any)</td>
<td></td>
</tr>
<tr>
<td>6. Advances from World Bank during reporting period</td>
<td></td>
</tr>
<tr>
<td>7. Add lines 5 and 6</td>
<td></td>
</tr>
<tr>
<td>8. Outstanding advances to be accounted for (add line 4 and line 7)</td>
<td></td>
</tr>
<tr>
<td>9. Closing DA balance at end of current reporting period</td>
<td></td>
</tr>
<tr>
<td>10. Add/subtract: Cumulative adjustments (if any)</td>
<td></td>
</tr>
<tr>
<td>11. Expenditures for current reporting period</td>
<td></td>
</tr>
<tr>
<td>12. Add line 10 and line 11</td>
<td></td>
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<tr>
<td>13. Add line 9 and line 12</td>
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<tr>
<td>14. Difference (if any) (line 8 minus line 13)</td>
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<thead>
<tr>
<th>PART III</th>
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<tbody>
<tr>
<td>15. Total forecasted amount to be paid by World Bank</td>
<td></td>
</tr>
<tr>
<td>16. Less: Closing DA balance after adjustments</td>
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<tr>
<td>17. Direct payments/SC payments</td>
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<tr>
<td>18. Add lines 16 and 17</td>
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<tr>
<td>19. Cash requirement from World Bank for next two reporting periods (line 15 minus line 18)</td>
<td></td>
</tr>
</tbody>
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Director   Permanent Secretary
Office of the Prime Minister  
Northern Uganda Social Action Fund  
IDA Loan No.:  

**Expenditures paid from the DA for the Quarter Ended xxxxxxxxx**

Currency: US Dollar

<table>
<thead>
<tr>
<th>Uses of Funds by Category</th>
<th>Current Quarter</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultant Services</td>
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<td>(4)(ii) Micro-Credits under Part 1(c)</td>
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<tr>
<td>Total Expenditure</td>
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</tbody>
</table>

**Page 1**

Director  
Permanent Secretary
<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of WB's Non Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
<th>WB's Share of Amt Paid to Supplier during Period</th>
</tr>
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<tbody>
<tr>
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