



**THE WORLD BANK**  
IBRD • IDA | WORLD BANK GROUP

**OFFICIAL  
DOCUMENTS**

CR 5793-ET

## Ethiopia Country Office

Africa Avenue, Bole Road  
Addis Abeba, Ethiopia

Tel : (251-11) 5176000  
Fax: (251-11) 6627717

June 15, 2016

Ref: WB/248/06/15/2016

H. E. Ato Abdulaziz Mohammed  
Minister  
Ministry of Finance and Economic Cooperation  
Addis Ababa

Dear Ato Abdulaziz,

**Re: IDA Credit 5793-ET (Small and Medium Enterprise Finance Project)  
Additional Instructions: Disbursement**

I refer to the Financing Agreement between the International Development Association (the "Association") and the Federal Democratic Republic of Ethiopia (the "Recipient") for the above-referenced project, dated April 26, 2016. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing IDA Credit 5793-ET ("Financing"). 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
- Advance
- Direct Payment (available only for Disbursement Category 2)
- Special Commitment (available only for Disbursement Category 2)

**Note:** No disbursements, including advances for eligible expenditures to be financed from Disbursement Category 1 and Disbursement Category 2, will be made until the fulfillment of the respective Disbursement Conditions.



**WORLD BANK GROUP**

**(ii) Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is 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 Conditions in the Financing Agreement.

## **II. Withdrawal of Financing Proceeds**

**(i) Authorized Signatures (subsection 3.1).**

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 Applications:

The World Bank  
P. O. Box 5515  
Africa Avenue, Bole Road  
Addis Ababa, Ethiopia  
Attention: Carolyn Turk, Country Director

**(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, 13<sup>th</sup> Floor,  
Upper Hill, Menengai Road,  
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 5; 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 for Direct payments and issuance of Special Commitments is:

- USD 100,000 equivalent for eligible expenditures claimed from Disbursement Category 2, implemented by MOI.

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

**1. DBE Designated Account – for eligible expenditures to be financed from Disbursement Category 1**

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** United States dollars (USD)
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** National Bank of Ethiopia.
- **Ceiling (subsection 6.1):** USD 12,000,000 – advances will be made only when the conditions of disbursement have been met

**2. MOI Designated Account – for eligible expenditures to be financed from Disbursement Category 2**

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** United States dollars (USD)
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** National Bank of Ethiopia.
- **Ceiling (subsection 6.1):** 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 for reporting eligible expenditures paid from the Designated Account :***

**For Eligible Expenditures to be financed from Disbursement Category 2 (Parts of the Project to be implemented by MOI):**

- Records evidencing eligible expenditures (Attachment 3A – Statement of Expenditure - with supporting documentation Records evidencing eligible expenditures e.g., copies of receipts, supplier invoices, for payments made under contracts above SOE documentation thresholds (i) Works against contracts valued at USD 5,000,000 equivalent or more; (ii) Goods against contracts valued at USD 500,000 equivalent or more (iii) Consulting Firms against contracts valued at USD 100,000 equivalent or more; (iv) Individual Consultants against contracts valued at USD 50,000 equivalent or more;
- Statement of Expenditure in the form attached (Attachment 3B – Statement of Expenditure – with no supporting documentation, for payments made under all other contracts, that is, below the SOE documentation thresholds (above) Operating Costs
- List of payments against contracts that are subject to the Association’s prior review, in the form attached (Attachment 4);

**For Eligible Expenditures to be financed from Disbursement Category 1 (Parts of the Project to be implemented by DBE):**

- Records evidencing eligible expenditures (Attachment 3C – Customized Statement of Expenditure - for Lines of Credit and Attachment 3D – Customized Statement of Expenditure - for Leasing Operations)
- ***For requests for Direct Payment:*** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices (for Disbursement Category 2).

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

**IV. Other Disbursement Instructions** – Eligible Expenditures to be financed from Disbursement Category 1, and to be reported using Attachments 3C are the payments made, as credit lines , to eligible beneficiaries, by DBE and/or by PFIs, as applicable. For the leasing operations, eligible expenditures will be the evidence provided to DBE, by leasing companies and DBE branches, as applicable, of the procurement/leasing processes.

## **V. Other Important Information**

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Association’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>. Print copies are available upon request.

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

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 Applications, monitor the near real-time status of the Financing, 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 Association by email at <[clientconnection@worldbank.org](mailto:clientconnection@worldbank.org)>.

If you have any queries in relation to the above, please contact Jose Janeiro, Senior Finance Officer at [jjaneiro@worldbank.org](mailto:jjaneiro@worldbank.org) showing the above reference.

Yours sincerely,



Carolyn Turk  
Country Director for Ethiopia, Sudan and South Sudan  
Africa Region

Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. 3A: Form for Statement of Expenditure - with supporting documentation; 3B: Form for Statement of Expenditure – with no supporting documentation; 3C: Form for Customized Statements of Expenditure for Lines of Credit, and 3D: Form for Customized Statements of Expenditure for Leasing Operations
4. Form of Payments Against Contracts Subject to the World Bank's Prior Review
5. Form for *Terms and Conditions of Use of Secure Identification Device in connection with Use of Electronic Means to Process Applications for Withdrawal and Supporting Documentation* ("Terms and Conditions of Use of Tokens")

Cc with copies: Project Implementation Unit  
Ministry of Industry  
Addis Ababa, Ethiopia

Project Management Team  
Development Bank of Ethiopia  
Addis Ababa, Ethiopia

**Attachment 2**

Form of Authorized Signatory Letter  
[Letterhead]  
Ministry of Finance  
[Street address]

[DATE]

The World Bank  
P. O. Box 5515  
Africa Avenue, Bole Road  
Addis Ababa, Ethiopia

Attention: Carolyn Turk, Country Director

Re: Financing No. 5793-ET (Small and Medium Enterprise Finance Project)

I refer to the Financing Agreement (“Agreement”) between the International Development Association (the “Association”) and the Federal Democratic Republic of Ethiopia (the “Recipient”), dated \_\_\_\_\_, providing the above Financing. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any <sup>1</sup>[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 Financing.

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

<sup>5</sup>[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 Association by electronic 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 Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of SIDC”), the

---

<sup>1</sup> Instruction to the Recipient: 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 Association.*

<sup>2</sup> Instruction to the Recipient: 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 Association.*

<sup>3</sup> Instruction to the Recipient: 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 Association.*

<sup>4</sup> Instruction to the Recipient: 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 Association.*

<sup>5</sup> Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials 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 Association.*

Recipient represents and warrants to the Association that it 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]

Yours truly,

/ signed /

\_\_\_\_\_  
[Position]

**Attachment 3A**

**Statement of Expenditure - with supporting documentation**

Payments made during the period from \_\_\_\_\_ To \_\_\_\_\_

Date: \_\_\_\_\_

**For: Expenditures other than those under contracts below SOE documentation thresholds - please refer to the Disbursement for the SOE Thresholds**  
 (supporting documentation required - invoices, receipts for all paymentst made under contracts above SOE thresholds)

Application No.: \_\_\_\_\_

IDA Credit Grant No.: \_\_\_\_\_

SOE Sheet No.: \_\_\_\_\_

1	2	3	4	5	6	7	8	9	10	11	12	13
Item No.	Category No. *	Name of Supplier, Contractor or Consultant, Contract reference and date.	Total Amount of Contract (Include all currencies)	Brief Description of Goods, Works or Services	Currency of Expenditure	Total invoice amount covered by this application (net of retention)	Eligible % of financing	Currency and eligible amount paid (7)X(8)	US\$ Equivalent paid from Designated Account**	Date of Payment	Exchange Rate**	Remarks
TOTALS												

Note: (\*) Items should be grouped by category, or alternatively, a separate SOE form may be used for each category.  
 (\*\*) If this application is not for replenishment of the Designated Account, leave columns 10 and 12 blank.



**Statement of Expenditures (SOE) – with no supporting documentation**

Payments made during the period from \_\_\_\_\_ To \_\_\_\_\_

Date: \_\_\_\_\_

For: Expenditures under contracts below SOE documentation thresholds - please refer to the Disbursement Letter for SOE thresholds  
(no supporting documentation required)

Application No.: \_\_\_\_\_

IDA Credit No.: \_\_\_\_\_

SOE Sheet No.: \_\_\_\_\_

1	2	3	4	5	6	7	8	9	10	11	12	13
Item No.	Category No. *	Name of Supplier, Contractor or Consultant, Contract reference and date.	Total Amount of Contract (Include all currencies)	Brief Description of Goods, Works or Services	Currency of Expenditure	Total invoice amount covered by this application (net of retention)	Eligible % of financing	Currency and eligible amount paid (7)×(8)	US\$ Equivalent paid from Designated Account**	Date of Payment	Exchange Rate***	Remarks
TOTALS												
										\$		

Supporting documents for this SOE retained at: \_\_\_\_\_

Note: (\*) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category.

(\*\*) If this application is not for replenishment of the Designated Account, leave columns 10 and 12 blank.

**Customized Statements of Expenditure Exclusively for Lines of Credit (sub-loans)**

Payments made during the period from \_\_\_\_\_ To \_\_\_\_\_

Date: \_\_\_\_\_

**Exclusively for LINES OF CREDIT**  
(no supporting documentation required)

Application No.: \_\_\_\_\_

IDA Credit No.: \_\_\_\_\_

SOE Sheet No.: \_\_\_\_\_

1	2	3	4	5	6	7	8	9	10	11	12
Disb Category	PFI	Name of Eligible Beneficiary or Recipient	Approved Amount of Line of Credit	Amounts previously paid to this Beneficiary or Recipient under this Line of Credit	Amount paid and covered by this application	Date of Payment	Cummulative Disbursement under this Line of Credit	Eligible % of financing	US\$ Equivalent paid from Designated Account**	Exchange Rate**	Remarks
TOTALS										\$	

Supporting documents for this SOE retained at: \_\_\_\_\_

Note: (\*) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category.

(\*\*) If this application is not for replenishment of the Designated Account, leave columns 10 and 12 blank.

Note all these payments have been made on the basis of contracts entered into between PFIs or MFIs and eligible recipients

**Attachment 3D**

**Customized Statements of Expenditure Exclusively for Leasing Operations**

Payments made during the period from \_\_\_\_\_ To \_\_\_\_\_

Date: \_\_\_\_\_

**Exclusively for LEASING OPERATIONS**  
(no supporting documentation required)

Application No.: \_\_\_\_\_

IDA Credit No.: \_\_\_\_\_

SOE Sheet No.: \_\_\_\_\_

1	2	3	4	5	6	7	8	9	10	11
Disb Category	PFI or DBE branch	Name of Eligible Beneficiary or Recipient	Approved Amount of Leasing Operation	Type of Asset / item procured	Amount paid for the asset and covered by this application	Date of Payment	Eligible % of financing	US\$ Equivalent paid from Designated Account**	Exchange Rate**	Remarks
TOTALS								\$		

Supporting documents for this SOE retained at: \_\_\_\_\_

- Note:**
- (\*) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category.
  - (\*\*) If this application is not for replenishment of the Designated Account, leave columns 9 and 10 blank.

**Note** all these payments correspond to the provision of the assets / items once leasing companies and DBE branches finalize the leasing contracts

**Attachment 4**

**Payments Made during Reporting Period  
Against Contracts Subject to the Association's Prior Review**

<b>Contract Number</b>	<b>Supplier</b>	<b>Contract Date</b>	<b>Contract Amount</b>	<b>Date of WFP's Non-objection to Contract</b>	<b>Amount Paid to Supplier during Period</b>	<b>WFP's Share of Amt Paid to Supplier during Period</b>

**Attachment 5**

**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)<sup>1</sup> will provide secure identification credentials (SIDC) to permit the Borrower<sup>2</sup> 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.
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

---

<sup>1</sup> "Bank" includes IBRD and IDA.

<sup>2</sup> "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

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](mailto:clientconnection@worldbank.org).

4.5. The Borrower shall immediately notify the Bank at [clientconnection@worldbank.org](mailto: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.