Hon. Dr. Moeketsi Majoro  
Minister of Finance  
Ministry of Finance  
P.O. Box 395  
Maseru - 100  
Kingdom of Lesotho

Re: Lesotho Smallholder Agriculture Development Project – Additional Financing Credit  
No 6144 - LS

Additional Instructions: Disbursement and Financial Information Letter (DFIL).

Excellency:

I refer to the Loan Agreement between the Kingdom of Lesotho (the “Borrower”) and the  
International Development Association (the “Bank”), for the above-referenced project, dated herewith in.  
The General Conditions, as defined in the Loan Agreement, provide that the Bank may issue additional  
instructions regarding the withdrawal of the proceeds of Credit 6144-LS (“Credit”), and specify certain  
financial management reporting and audit requirements. This letter (“Disbursement and Financial  
Information Letter” or “DFIL”), as revised from time to time, constitutes such additional instructions.

The Disbursement Guidelines for Investment Project Financing dated February 2017,  
(“Disbursement Guidelines”) are available in the Bank’s public website at https://www.worldbank.org  
and its secure website “Client Connection” at https://clientconnection.worldbank.org. The Disbursement  
Guidelines are an integral part of this Disbursement and Financial Reporting Letter, and the manner in  
which the provisions in the guidelines apply to the Loan is specified below.

I. Disbursement Arrangements, Withdrawal and Reporting of Loan Proceeds.

(i) Disbursement Arrangements:

- **Instructions** (Schedule 1). The table provides the disbursement methods, information on  
registration of authorized signatures, processing of withdrawal applications (including minimum  
value of applications and processing of advances), instructions on supporting documentation, and  
frequency of reporting on the Designated Account.

- **Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications for  
Reimbursement, Direct Payment and Special Commitment is USD 240,000.

- **Direct Payment.** Disbursements against Prior Review Contracts which have been subject to  
International Competitive Procurement will be made only through Direct Payment method.

- **Disbursement Deadline Date, DDD (subsection 3.7).** The DDD is four (4) months after the Closing  
Date. Any changes to this date will be notified by the Bank.

(ii) Electronic Delivery. Refer to section 10.01 (c) of the General Conditions:

- The Bank may permit the Borrower to electronically deliver applications (with supporting  
documents) through the Bank’s web-based portal (https://clientconnection.worldbank.org) “Client  
Connection”. This option may be effected if: (a) the Borrower has designated in writing, its officials  
who are authorized to sign and deliver Applications and to receive Secure Identification Credentials
II. Financial Reports and Audits.

(i) Financial Reports. The Borrower shall prepare and furnish to the Bank not later than [forty-five (45)] days after the end of each calendar [quarter/semester], interim unaudited financial reports (IFR) for the Project covering the [quarter/semester].

(ii) Audits. Each audit of the Financial Statements shall cover the period of [one fiscal year of the Borrower], [commencing with the fiscal year in which the first withdrawal was made]. The audited Financial Statements for each such period shall be furnished to the Bank not later than [six (6)] months after the end of such period.

III. Other Important Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank’s public website and “Client Connection”. The Bank recommends that you register as a user of “Client Connection”. From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Bank by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact George Ferreira Da Silva, Finance Officer at gdasilva@worldbank.org, with copy to Jean Owino, Finance Analyst at jowino@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Title: Country Director

The World Bank
Attachments
1. Form of Authorized Signatory Letter
2. Statement of Expenditure (SOE)
3. Form for Prior Review Contracts

Cc with copies:  [Ms. Nthoateng Lebona]
[Finance House, Kingsway]
[Maseru], [Lesotho]
[psfinance2016@gmail.com]

Mr. Khotso Moleleki
Finance House, Kingsway Street
Maseru, Lesotho
kmoleleki@gmail.com

[Mr. Retselisitsoe Pheko, project Coordinator]
[Livestock Division Building]
[Maseru], [Lesotho]
[pheko.daniel@gmail.com]
## Schedule 1
Disbursement Arrangements

### Basic Information

<table>
<thead>
<tr>
<th>Loan number</th>
<th>To be provided</th>
<th>Country</th>
<th>Name of the Project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>The Kingdom of Lesotho</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lesotho Smallholder Agriculture Development Project</td>
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</table>

### Disbursement Methods, and Minimum Size of Withdrawal Applications

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<tr>
<th>Disbursement Method</th>
<th>Yes</th>
<th>Copy of Records</th>
<th>No</th>
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<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td></td>
<td></td>
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<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Statement of Expenditure</td>
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<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>Statement of Expenditure</td>
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<tr>
<td>Special Commitment</td>
<td>Yes</td>
<td>Copy of Letter of Credit and Proforma Invoice</td>
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#### Designated Account

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<td>Financial Institution</td>
<td>Central Bank of Lesotho</td>
<td>Currency</td>
<td>USD</td>
</tr>
<tr>
<td>Frequency of Reporting</td>
<td>Months</td>
<td>Amount</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

**Authorized Signatures** (Subsections 3.1 and 3.2) The form for Authorized Signatories Letter is provided in Attachment 1 of this letter Withdrawal and Documentation Applications (Subsections 3.3 and 3.4)

The World Bank
UN House, 13 UN Road
Maseru, Lesotho
Attention: Mr. Guang Che
Zhen, Country Director

### Additional Disbursement Information

Funds from the Designated Account may be transferred to Project Account in local currency, in a commercial Bank acceptable to IDA, to m

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"Select the agreed supporting documentation and add the following: "In the format provided in Attachment 2 of this letter."

"Sections and subsections indicated relate to the Disbursement Guidelines for Investment Project Financing dated Febru
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Mr. Zhen

Re: Lesotho Smallholder Agriculture Development Project (Addition Financing) Credit
No. 6144-LS

Additional Instructions: Disbursement and Financial Information Letter (DFIL).

I refer to the Loan Agreement ("Agreement") between the International Development
Association (the "Bank") and the Kingdom of Lesotho (the "Borrower"), dated ______ providing the above Loan. For the purposes of Section 2.02 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 Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

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

5[This confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

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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.

5 Instruction to the Borrower: Add this paragraph if the Borrower 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 Bank.
the Bank by electronic means. In full recognition that the 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 Borrower represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

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

[Name], [position] Specimen Signature: __________________________

[Name], [position] Specimen Signature: __________________________

[Name], [position] Specimen Signature: __________________________

Yours truly,

/ signed /

[Position]
Attachment 2 – Statement of Expenditures

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<th>Date</th>
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<td>May 2023</td>
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**Supporting documents for this SOE are attached:**

(Insert Location)

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*A separate form should be used for each category.*
Payment Made during Reporting Period
Against Contracts Subject to the Bank's Prior Review

<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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