

18-Jan-2022

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Mr. Eugene Amor  
Secretary of Finance and Administration  
Department of Finance and Administration  
P.O. Box PS 158  
Palikir, Pohnpei State  
Federated States of Micronesia

Dear Secretary:

**Re: IDA Grant Number D936-FM**  
**Additional Financing for Strengthening Public Financing Management Project**  
**Additional Instructions: Disbursement and Financial Information Letter**

I refer to the Financing Agreement between Federated States of Micronesia (the “Recipient”) and International Development Association (the “Association”) for the above-referenced Project. The General Conditions, as defined in the Financing Agreement, provide that the Recipient may from time to time request withdrawals of IDA Grant No. D936-FM (“Financing”) in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Association may specify from time to time by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”), and may be revised from time to time.

**I. Disbursement Arrangements, Withdrawal of Financing Funds, and Reporting of Uses of Financing Funds.**

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“Disbursement Guidelines”) are available in the Association’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 the DFIL, and the manner in which the provisions in the guidelines apply to the Financing is specified below.

**(i) Disbursement Arrangements**

- **General Provisions** (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient, and conditions, 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.

**(ii) Electronic Delivery.** Section 11.01 (c) of the General Conditions.

The Recipient will deliver Withdrawal Applications (with supporting documents) electronically through the Association’s web-based portal “Client Connection” at <https://clientconnection.worldbank.org>. This option will be effected after the officials designated in writing by the Recipient who are authorized to sign and deliver Withdrawal Applications have registered as users of “Client Connection”. The designated officials will deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Recipient confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications

and supporting documents to the Association by electronic means. The Recipient may exercise the option of preparing and delivering Withdrawal Applications in paper form on exceptional cases (including those where the Borrower encounters legal limitations), and which were previously agreed with the Association. 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, available in the Association's public website at <https://worldbank.org> and "Client Connection"; and (b) to cause such official to abide by those terms and conditions.

## **II. Financial Reports and Audits.**

*(i) Financial Reports.* The Recipient must prepare and furnish to the Association not later than forty-five (45) days after the end of each fiscal semester, interim unaudited financial reports ("IFR") for the Project covering the semester.

*(ii) Audits.* Because project funds will be fully integrated with Government accounts, auditing of project funds will become part of the auditing of National Government Accounts. Therefore, no project audit will be required, subject to the inclusion of agreed notation in the National Accounts during the life of the project. The audited Financial Statements for each such period must be furnished to the Association not later than nine (9) months after the end of such period. The Association reserves the right to request for a project audit.

## **III. Other Information.**

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association's website (<http://www.worldbank.org/>) and "Client Connection". The Association 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 Financing, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the Association by email at [AskLoan@WorldBank.org](mailto:AskLoan@WorldBank.org) using the above reference.

Yours sincerely,



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Stephen Ndegwa  
Country Director  
Papua New Guinea & Pacific Islands  
East Asia and Pacific Region

### **Attachments**

1. Statement of Expenditure (SOE)
2. Form of Authorized Signatory Letter

With copies: Gregg Pavitt, PFM Project Manager  
Department of Finance and Administration  
P.O. Box PS 158  
Palikir, Pohnpei State  
Federated States of Micronesia  
[gregg.pavitt@pfmexpert.net](mailto:gregg.pavitt@pfmexpert.net)

### Schedule 1: Disbursement Provisions

<b>A. Basic Information</b>					
<b>IDA Grant Number</b>	D936-FM	<b>Country</b>	Federated States of Micronesia	<b>Closing Date</b>	Section III.B.2 of Schedule 2 to the Financing Agreement.
		<b>Recipient</b>	Department of Finance and Administration		
		<b>Name of the Project</b>	Additional Financing for Project for Strengthening Public Financial Management	<b>Disbursement Deadline Date</b> <i>Subsection 3.7</i> **	Four (4) months after the closing date.
<b>B. Disbursement Methods and Supporting Documentation</b>					
<b>Disbursement Methods</b> <i>Section 2 (**)</i>	<b>Methods</b>	<b>Supporting Documentation</b> <i>Subsections 4.3 and 4.4 (**)</i>			
Direct Payment	Yes	Copy of records			
Reimbursement	Yes	Statement of Expenditures (SOE) (Attachment 1)			
Advance	Yes	Statement of Expenditures (SOE) (Attachment 1)			
Special Commitments	Yes	Copy of Letter of Credit			
<b>C. Designated Account (Sections 5 and 6 **)</b>					
<b>Type</b>	Pooled; the designated account already opened under the Original Financing (IDA Grant No. D324-FM will also be used for receipts of funds from this Additional Financing IDA Grant No. D936-FM.			<b>Ceiling</b>	Fixed
<b>Financial Institution - Name</b>	A commercial bank or financial institution acceptable to the Association.			<b>Currency</b>	USD
<b>Frequency of Reporting</b> <i>Subsection 6.3 (**)</i>	Quarterly or more often if needed			<b>Amount</b>	USD1,000,000 for both IDA Grant No. D324-FM and IDA Grant No. D936-FM combined.
<b>D. Minimum Value of Applications (subsection 3.5)</b>					
The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is USD 200,000 equivalent.					
<b>E. Authorized Signatures (Subsection 3.1 and 3.2 **)</b>					
<i>The form for Authorized Signatories Letter is provided in Attachment 2 of this letter.</i>					
The Authorized Signatory Letter should be sent to the address below:					
The World Bank					

Level 19, 14 Martin Place  
CML Building  
Sydney NSW 2000, Australia

Attention: Country Director

**F. Withdrawal and Documentation Applications** (Subsection 3.3 and 3.4 \*\*)

All Withdrawal Applications and supporting documentation will be electronically sent via the Association's system *Client Connection*. For Withdrawal Applications in paper form, please submit to the address below:

The World Bank  
26<sup>th</sup> Floor, One Global Place  
5<sup>th</sup> Avenue corner 25<sup>th</sup> Street, Bonifacio Global City  
Taguig City, Philippines

Attention: Senior Regional Team Leader, WFACS

**G. Other Disbursement Instructions**

- 1) To the extent practical, funds from the Original Financing (IDA Grant No. D324-FM) will be exhausted before funds from the Additional Financing (IDA Grant No. D936-FM) may be accessed.
- 2) The pooled designated account will be used for receipt of funds only from IDA Grant No. D324-FM and IDA Grant No. D936-FM.

\*\* Sections and subsections relate to the "Disbursement Guidelines for Investment Project Financing", dated February 2017.

**Attachment 1 - Statement of Expenditures**

Payment made during the period from

to

IDA Grant #	
Application #	
Category #	
Page #	

The following expenditures have been incurred during the retroactive financing period (please tick)

Yes	No
Yes	No

The following expenditures have been incurred during before the closing date of the credit (please tick)

												In case of DA payments	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Item No	Service provider / Supplier / Payee's Name	Brief Description of the expenditure	Prior Review Contract ? (YES or NO)	Contract # (Client Connection # for Prior Review contracts)	Contract currency and amount (original + amendment)	Invoice number	Date of payment	Total amount of invoice covered by Application (net of retention)	% Finance d by the Bank	Expenditure Amount Eligible for Financing	Amount claimed	Amount paid from Designated Account (which should be equal to #11)	Remarks
												<b>TOTAL</b>	

Supporting documents for this SOE retained at:(insert location)

Prepared by: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

\*A separate form should be used for each category

[Letterhead]  
Department of Finance and Administration  
[Street address]  
[City] [Country]

[DATE]

The World Bank  
Level 19, 14 Martin Place  
CML Building  
Sydney NSW 2000  
Australia

Attention: Country Director

**Re: IDA Grant No. D936-FM  
(Additional Financing for Project for Strengthening Public Financial Management)**

I refer to the Financing Agreement (“Agreement”) between Federated States of Micronesia (the “Recipient”) and International Development Association (the “Association”), 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

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<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.*

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 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]