



IDAH Z. PSWARAYI-RIDDIHOUGH
Country Director
Mozambique, Madagascar, Mauritius, Comoros and Seychelles

December 20, 2021

H.E Adriano Afonso Maleiane
Minister of Economy and Finance
Ministry of Economy and Finance
Av. 10 de Novembro, No. 929, 1º Andar
Maputo, Mozambique

**Re: Grant No. D941-MZ (Rural and Small Towns Water Security Project)
Additional Instructions: Disbursement and Financial Information Letter**

Excellency:

I refer to the Grant Agreement between Republic of Mozambique (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced Project. The General Conditions, as defined in the Grant Agreement, provide that the Recipient may from time-to-time request withdrawals of Grant amounts from the Grant Account 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 Grant Funds, and Reporting of Uses of Grant 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 Grant 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, 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 Association may permit the Recipient to electronically deliver applications (with supporting documents) through the Association’s web-based portal (<https://clientconnection.worldbank.org>) “Client Connection”. This option may be affected if the officials designated in writing by the Recipient who are authorized to sign and deliver Applications have registered as users of “Client Connection”. The designated officials may

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 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. 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 calendar quarter, interim unaudited financial reports (“IFR”) for the Project covering the quarter. Where a UN agency is contracted by the Recipient, the Recipient is responsible to ensure that the financial reporting requirements applicable to the UN Agency are stipulated in the agreement between the Recipient and the UN agency and met in a timely manner.
- (ii) **Audits.** Each audit of the Financial Statements must cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period must be furnished to the Association not later than six (6) months after the end of such period. Where a UN agency is contracted by the Recipient, the Recipient is responsible to ensure that the documentation requirements applicable to the UN agency, for project audit purposes, are stipulated in the agreement between the Recipient and the UN agency

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 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 Grant, 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 Bank by email at Askloans@worldbank.org.

Yours sincerely,

By: _____

Idah Z. Pswarayi-Riddihough
Country Director for Mozambique, Comoros, Madagascar,
Mauritius and Seychelles
East and Southern Africa Region

Attachments

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

Schedule 1 : Disbursement Provisions

Basic Information			
Grant Numbers	D941-MZ	Country	Republic of Mozambique
		Recipient	Ministry of Economy and Finance
		Name of the Project	Rural and Small-Town Water Security Project
		Closing Date	Section III.B.2 of Schedule 2 to the Grant Agreement.
		Disbursement Deadline Date <i>Subsection 3.7 **</i>	Four months after the closing date.
Disbursement Methods and Supporting Documentation			
Disbursement Methods <i>Section 2 (**)</i>	Methods	Supporting Documentation <i>Subsections 4.3 and 4.4 (**)</i>	
Direct Payment	Yes	Copy of records	
Reimbursement	Yes	Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL	
Designated Account	Yes	Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL	
Special Commitments	Yes	Copy of Letter of Credit	
Designated Account (Sections 5 and 6 **)			
Type	Four (4) - Segregated Account		Ceiling
Financial Institution - Name	DA-A through DA-C open at Banco de Moçambique DA-D open at (to be defined in the CERC Manual)		Currency
Frequency of Reporting <i>Subsection 6.3 (**)</i>	Monthly	Amount	DA-A US\$ 5,000,000 DA-B US\$ 3,000,000 DA-C US\$ 5,000,000 DA-D to be determined in the CERC Manual
Minimum Value of Applications (subsection 3.5)			
The minimum value of applications for Direct Payments, Reimbursement, and Special Commitment is waived for the first 6 months after effectiveness, after which the amount will be USD 100,000.00 equivalent.			
Authorized Signatures (Subsection 3.1 and 3.2 **) The form for Authorized Signatories Letter is provided in Attachment 1 of this letter Withdrawal and Documentation Applications (Subsection 3.3 and 3.4 **)			
<p><i>i) Authorized Signatures and (ii) Applications</i> The address for the new ASL letter AND the Withdrawal Applications and its supporting documentation will be electronically sent via the Bank's system Client Connection.</p> <p style="margin-left: 40px;">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</p>			

Additional Information Instructions

DA-A is to be handled by PIU DNAAS for category 1
DA-B is to be handled by PIU DNAAS for category 1 (Block Grants)
DA-C is to be handled by PIU AIAS for category 1 and 2
DA-D is to be handled by the PIU indicated in the CERC Manual linked to category 4

In case of expenditure related to any category in the table under Schedule 2 Section III.A.1 (“Withdrawal Table”) of the Grant Agreement, payments to UN Agencies (if any) may be made through UN Advances (with or without a UN Commitment) disbursement mechanism. In case of a contract with a UN Agency requiring a UN Commitment, an application for issuance of UN Commitment is to be submitted by the Recipient/Borrower. Subsequent payments and documentation of expenditures under the contract must be made in accordance with the Commitment letter to be issued by the Association and the contract between the Borrower/Recipient and the UN agency. In case of a UN Advance (without UN Commitment), documentation of expenditure should be made once the final invoice is issued and based on the UN Financial Report

Other

Funds from the Designated Accounts may be transferred to Single Treasury Account (CUT) in local currency, for the payment of eligible expenditures as and when required. Transfers should be made as and when required to avoid exchange rate losses.

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

Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

**Re: Grant No. D941-MZ
(Rural and Small-Town Water Security Project)**

Attention: _____, *Country Director*

I refer to the Financing Agreement (“Agreement”) between the International Development Association (the “Association”) and Republic of Mozambique (the “Recipient”), dated _____, providing the above Grants. 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 [and applications for a special commitment] under these Grants.

For the purpose of delivering Applications to the Association, including by electronic means, 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.

¹ 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.*

² 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.*

³ 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.*

⁴ 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.*

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]

Attachment 2 Statement of Expenditures (SOE)

**SOE Model Template (incl. listing of prior review payments)
IBRD – International Bank for Reconstruction and Development/IDA – International Development Association
Statement of Expenditures**

Payment made during the period from to

The following expenditures have been incurred during the retroactive financing period (please tick)
The following expenditures have been incurred before the closing date of the loan/credit/grant (please tick)

Yes	No
Yes	No

Financier	
Loan/Credit/Grant #	
Application #	
Category #	
Page #	

											ONLY for the Designated Account		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Item No	Supplier's Name	Brief Description of the Expenditure	Prior Review (Contract?) <i>(YES or NO)</i>	Contract # <i>(Client Connection # for Prior Review Contracts)</i>	Contract Currency and Amount <i>(Original + Amendment)</i>	Invoice Number	Date of Payment	Total Amount of Invoice Covered by Application <i>(Net of Retention)</i>	% Financed from the Bank	Eligible Amount <i>(Col 9 x 10)</i>	Exchange Rate	Date of Withdrawal from the Designated Account	Amount Withdrawn from the Designated Account <i>(Col 11/12)</i>
									0.00		0.00	TOTAL	0.00

Supporting documents for this SOE are retained at _____
(insert location)
A separate form should be used for each category.