

Honorable Thabo Sophonea Minister of Finance Ministry of Finance P.O. Box 395 Maseru The Kingdom of Lesotho

Dear Honorable Minister:

Re: Grant No. TF0B7784 (Basic Education Strengthening Project) Additional Instructions: Disbursement and Financial Information Letter

I refer to the Grant Agreement ("Agreement") between the International Development Association ("Bank"), acting as an implementing agency of the Global Partnership for Education, and Kingdom of Lesotho (the "Recipient") for the above-referenced project. The Standard Conditions, as defined in the Grant Agreement, provide that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF0B7784 ("Grant"), and may set out Project specific financial reporting requirements. This letter ("Disbursement and Financial Information Letter"), as revised from time to time, constitutes such additional instructions.

I. Disbursement Arrangements and Withdrawal of Grant Funds

The World Bank Disbursement Guidelines for Projects, dated February 1, 2017, ("Disbursement Guidelines") are available in the World Bank's public website at https://www.worldbank.org, and are an integral part of the Disbursement and Financial Information 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

The table in Schedule 1 provides 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 advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

(ii) Withdrawal of Grant Funds (Electronic Delivery) Section 7.01 (c) of the Standard Conditions.

The Recipient will deliver Withdrawal Applications (with supporting documents) electronically through the Bank's web-based portal "Client Connection" at https://clientconnection.worldbank.org. This option will be affected 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 Bank 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 Recipient encounters legal limitations), and which were previously agreed with the Bank. 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 World Bank'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 Section 2.07 (a) and (b) of the Standard Conditions.

(i) Financial Reports.

The Recipient must prepare and furnish to the Bank 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.

(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 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 World Bank's website (http://www.worldbank.org) and "Client Connection". The World 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 World Bank by email at AskLoans@WorldBank.org using the above reference.

Yours sincerely,

yorchiro-Johihara

Yoichiro Ishihara

Country Representative for Lesotho Eastern and Southern Africa Region

Attachments

1. Form of Authorized Signatory Letter

2. Form of Interim unaudited Financial Report (IFR)

Schedule 1 - Disbursement Provisions

にの対象の対象を		Basic Information			
	Country	Kingdom of Locatho	1		
- tosas	Recipient	Kingdom of Lesotho	Closing Date	ate	Section III.B.2 of Schedule 2 to
Number TF0B7784	Name of the Project	Basic Education Strengthening Project	Dishursoment	tuon.	the Grant Agreement
			Deadline Date	Date	Four (4) months after the closing date
	Disbu	Disbursement Methods and Sunnarting Description	Subsection 3.7	113.7	
Disbursement Methods	Mothode Assessed	שנים שלים בחלים בחום בחום החוום	entation		
Section 2 (**)		Suppo	Supporting Documentation Subsections 4.3 and 4.4 (**)	nentation	
Direct Payment	Yes	Conv of Records			
Reimbursement	Yes	Interim manufited Cinamial Boston :			
Advance (into a Designated Account)		Interim unaudited Financial Report in the format provided in Attachment 2 of this letter	format provi	ided in Att	achment 2 of this letter
Special Commitments	Yes	Copy of Letter of Credit			
		Designated Account (Section 5 and 6 ##)			
	Segregated	a pue c ilonnació illocato			
Туре	DA A- managed by MoSD linked to category 2	managed by MoSD linked to category 2	Ceiling	Variable	
Financial Institution - Name	-	T A LOSSIES OF THE O		dSD	
			carrency		
rrequency of Reporting, Subsection 6.3 (**)	Quarterly		Amount	Based on	Based on six months expenditure forecast
		Minimum Value of Applications (subsection 3 5)	251		
The Minimum Value of Applications f	plications for Reimbursemer	or Reimbursement, Direct Payment and Special Commitment is USD100 000 equivalent	r is USD 100 c	OO acritical	port
Authorized Sign	natures (Subsection 3.1 and 3 Withdrawal a)	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 (Subsertion 3.3 and 3.4 **)	etter is prov	ided in Att	achment 1 of this letter
(i) Authorized Signatures and (ii) Applications Applications for this Financing will be signed by the o	d (ii) Applications It be signed by the officials authoric	(i) Authorized Signatures and (ii) Applications Applications for this Financing will be signed by the officials authorized to sign Applications as indicated in your letter of January 4th, 2017 signed by Minister of Financia Mr. Ticker.	muary 4th, 2017	signed by M	nictor of Einance Me Theken Call
All Withdrawal Applications and its supporting documentation v submitted, please provide completed and signed (a) applications commercial bank letter of credit, to the address indicated below-	its supporting documentation will be ted and signed (a) applications for w to the address indicated below:	All Withdrawal Applications and its supporting documentation will be electronically sent via the Association's system Client Connection. In instances where paper copies will have to be commercial bank letter of credit, to the address indicated below:	t Connection. Ir	n instances wl	make of the state
	The World Bank, Loan Department, Delta Center, 13th Floor, Upper Hill, Menengai Road,				
	r O. Box 30577 - 00100 Nairobi, Kenya. Tel: 254 20 2936 000				

		re resolved
		allowed until these a
[Instructions]		disbursement will not b
Additional [Information][Instructions]	Other	described in the political to the use of Advance method of disbursement will not be allowed until these are resolved
Ac	the nortfolio the	are portiono, the use
	rently lapsed loans in	
	As there are currently lanse	

* 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 February 2017.

At tachment 1

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

[DATE]

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

Attention: [Country Director]

Dear [Country Director]:

Re: Grant No. TF0B7784 (Basic Education Strengthening Project)

I refer to the Grant Agreement ("Agreement") between the International Development Association] ("Association"), acting as an implementing agency of Global Partnership for Education, and Kingdom of Lesotho (the "Recipient"), dated ______, providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [¹one] 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 Grant.

For the purpose of delivering Applications to the [World Bank] [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 [World Bank] [Association].

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

¹ Instruction to the Recipient when sending this letter to the World Bank: 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 World Bank/Association.

² Instruction to the Recipient: Stipulate if more than one person needs to *jointly* sign Applications, if so, please <u>indicate</u> the actual number. Please delete this footnote in final letter that is sent to the World Bank/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 World Bank/Association.

⁴ Instruction to the Recipient: Use this bracket <u>only</u> 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 World Bank/Association.

the [World Bank] [Association] by electronic means. In full recognition that the [World Bank] [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 [World Bank] [Association] that it will cause such persons to abide by those terms and conditions.]

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

[Name], [position]	Specimen Signature:	
[Name], [position]	Specimen Signature:	
[Name], [position]	Specimen Signature:	
	Yours truly,	
	/ signed /	
	[Position]	

⁵ 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 World Bank/Association.

Attachment 2 - Interim unaudited Financial Statements

Source and Uses of Funds Report

Quarter Ended....

	Quarter	Comulative	Remarks
Openning Cash Balance			
Add: Source of Funds			
IBRD Funds		<u> </u>	
Counter part funding		-	
Funds Available			
es: Uses of Funds by disbursement categories	-		-
Goods, consultants services, training, workshops and opera Total expenditures	ting costs		
Cash available less total expenditure			
Closing Cash Balance (Designated Account)	-		-
The second secon			
Tottl Cash Balance			+ -

		0							
Uses of funds by Component/Activities Quarter									
Component		QUARTER			Cumulative				
	Planned	Achai	Verlance	Planned	Actual	Variance	Project Life		
		-	-				100		
	0.00				-		-		
					-				
					15.00				
-		-			-				
						1			
		-							
		-			-	120			
-						mental .			
				Tables of			- Da		
							-		
							-110		
tal Project Expenditures					7.5				

1. Actual es	pendiares and foreign currency payments are translated to ZAR at the rates in effect on the dates of the transaction
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Authorized by	
Signature and Data:	

Designated Account (DA) Activity Statement	
For the Reporting quarter:	
Project Name:	
IBRD Loan No.	
Deposit Bank: A/C No:	
Currency of DA:	
Part I	
Cumulative advances to end of current reporting period	
4. Cumulative expenditures to end of last reportion period	
Outstanding Advances to be accounted (line 1minus line 2)	4 - 1
Part II	+
4 Opening DA halppes of healthing	
4. Opening DA balance at beginning of reporting period 5. Add/subtract: Cumulative adjustments (if any)	
S. Advances from Model Paris (if any)	1 2
5. Advances from World Bank during reporting period 7. Add lines 5 and 6	2
	1 0
 Outstanding advances to be accounted for (add line 4 and line 7) 	
Closing DA balance at end of current reporting period	
Add/subtract: Cumulative adjustments (if any)	1 - 1
Expenditures for current reporting period	
2. Add line 10 and line 11	
3. Add line 9 and line 12	
and the le	1 . 1
4. Difference (if any) (line 8 minus line 13)	
and the stray (make a final strate 12)	1 . 1
art III	
5. Total forecasted amount to be paid by World Bank	
Less: Closing SA balance after adjustments	1
/. Ulrect payments/SC payments (OLITSTANDING ORLIGATIONS)	1 Č 1
. Aud mies to and 1/	1
 Cash requirement from World Bank for next two reporting periods (line 15 minus line 18) 	

		Payments Mad Against Contra	e during Reporting Peri cia Subject to the Bank	od 200			
Contract No	Supplier	Contract Date	Contract Amount	Date of WE's Non Objection to Contract	Amount Paid to Supplier during Period	WB's there of Arre Paid to Supplier during Period from the Designated Account in USS	Disbursement Category as per the Grant Agreement

Authorized by:

Signature and Date: