

Date: 28-Jun-2022

H. E. Rindra Hasimbelo Rabarinirinarison
Minister of Economy and Finance
Ministry of Economy and Finance
Antananarivo
Republic of Madagascar

**Re: IDA Grant E112-MG / Credit 7193-MG
(Phase 2 of Improving Nutrition Outcomes)
Additional Instructions: Disbursement and Financial Information Letter**

Excellency:

I refer to the Financing Agreement between the Government of Madagascar (“Recipient”) and the International Development Association (“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 Financing¹ amounts from the Financing Account² 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 Disbursement 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, and conditions, information on registration of authorized signatories, 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(s).

¹ “Financing” means: (a) the Credit if the Financing Agreement provides for a Credit only; (b) the Grant if the Financing Agreement provides for a Grant only; or both the Credit and the Grant if the Financing Agreement provides for both a Credit and a Grant.

² “Financing Account” means: (a) the Credit Account if the Financing Agreement provides for a Credit only; (b) the Grant Account if the Financing Agreement provides for a Grant only; or (c) the Credit Account in respect of the Credit and the Grant Account in respect of the Grant if the Financing Agreement provides for a Credit and a Grant.

(ii) *Withdrawal Applications Electronic Delivery*³

The Recipient will deliver Withdrawal Applications (with supporting documents, “Applications”) 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 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 Applications in paper form on exceptional cases (including those where the Recipient 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://www.worldbank.org> and “Client Connection”; and (b) to cause such officials to abide by those terms and conditions.

II. *Financial Reports and Audits*⁴

(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 (“IFRs”) 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 and shall cause the UN agency to provide the project audit report as stipulated in the agreement between the Recipient and the UN agency in a timely manner.

III. *Other Important Information*

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association’s public website 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 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 Association by email at

³ Section 11.01(c) of the General Conditions.

⁴ Section 5.09 of the General Conditions.

askloans@worldbank.org using the above reference.

Yours sincerely,

MARIE UWANYILIGIRA

Marie-Chantal Uwanyiligira
Country Manger for Madagascar
Eastern and Southern Africa Region

Attachments

1. Form of Statement of Expenditure (SOE)

With copies: Ministry of Economy and Finance
Antananarivo
Republic of Madagascar

UCP / Ministry of Health
Monsieur Alain Rakotovao
Coordonnateur National

UPNNC / Office National de la Nutrition
Monsieur Francois de Paul Rakotovao
Directeur National

Schedule 1: Disbursement Provisions

A. Basic Information					
Grant Number/ Credit Number	E112-MG	Country	Madagascar	Closing Date	Section III.B.2. of Schedule 2 to the Financing Agreement
		Recipient	Republic of Madagascar		
	7193-MG	Name of the Project	Phase 2 for Improving Nutrition Outcomes	Disbursement Deadline Date⁵	Four (4) months after the closing date
B. Disbursement Methods and Supporting Documentation					
Disbursement Methods⁶	Methods	Supporting Documentation⁷			
Direct Payment	Yes	Records (Supplier Invoices/Copy of Receipts)			
Reimbursement	Yes	<ul style="list-style-type: none"> Statement of Expenditure (SOE) in the format provided in Attachment 1 of the DFIL 			
Advance (into a Designated Account)	Yes	<ul style="list-style-type: none"> Statement of Expenditure (SOE) in the format provided in Attachment 1 of the DFIL 			
Special Commitments	Yes	Copy of Letter of Credit, Copy of Proforma Invoice			
C. Designated Account(s)⁸					
Type and Management Unit	DA-A: Segregated - Managed by UCP / Ministry of Health; DA-B: Segregated - Managed by UPmC / Office National de la Nutrition		Ceiling	DA-A, DA-B: Fixed	
Financial Institution - Name	Banque Centrale De Madagascar		Currency	DA-A, DA-B: USD	
Frequency of Reporting⁹	Monthly		Amount	DA-A: 4,000,000 DA-B: 4,000,000	
D. Minimum Value of Applications¹⁰					
The minimum value of applications for Direct Payment, Reimbursement, Commitment Issuance-SC and Commitment Issuance-UN Blanket is 20.00 percent of DA ceiling.					
E. Authorized Signatures¹¹ Withdrawal and Documentation Applications¹²					
The existing Blanket Letter N° 914-2021-MEF/SG/DGT/DDP/SADE/Rd signed by Rindra Hasimbelo Rabarininarison Minister of Economy and Finance dated on September 17, 2021 and its amendments.					
F. Additional Instructions					

For notes in Schedule 1: Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.

⁵ Subsection 3.7

⁶ Section 2

⁷ Subsections 4.3 and 4.4

⁸ Sections 5 and 6

⁹ Subsection 6.3

¹⁰ subsection 3.5

¹¹ Subsection 3.1 and 3.2

¹² Subsection 3.3 and 3.4

- (i) All other supporting documentation for SOEs should be retained by the project management or Recipient and must be made available for review by periodic World Bank missions and internal and external auditors
- (ii) Funds from the Designated Account may be transferred to Transactions Accounts denominated in Ariary or US dollars \$, opened during the preparation by each PIU at commercial bank to enable payment of eligible expenditures. Transactions and balance in these accounts are to be included in all project financial reports.
- (iii) Disbursements under Category 5 of Section III.A of Schedule 2 of the Financing Agreement (Part 5 of the Project – Contingency Emergency Response CERC) will be subject to the conditions precedent to accessing the CERC funds, namely that the Recipient has provided, and the Bank has accepted, evidence of the occurrence of an eligible crisis or emergency and the Recipient has prepared and adopted/adhered to the CERC Operations Manual. Disbursements under this component will follow procedures described in the CERC Operations Manual including supporting documentation; provided that this disbursement letter will first need to be amended and reinstated at a later date to reflect those specific arrangements. In order to provide necessary liquidity for fast response, the ceiling of the Advance under the CERC could be up to 100% of the amount allocated to the CERC category.

Attachment 1 – Statement of Expenditures

**SOE Model Template (incl. listing of prior review payments)
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.