Hon. Brenson S. Wase
Minister of Finance
Ministry of Finance
P.O. Box D,
Majuro
Republic of the Marshall Islands 96960

Dear Minister,

IDA Financing D322-MH
(Project to Strengthen Budget Execution and Financial Reporting Systems)
Additional Instructions: Disbursement and Financial Information Letter ("DFIL")

I refer to the Financing Agreement between the Republic of the Marshall Islands (the "Recipient") and the International Development Association (the "Association") for the above-referenced Project, dated June 21, 2018. The General Conditions, as defined in the Financing Agreement, provide that the Recipient may from time to time request withdrawals of Financing Amounts from the Financing 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 specify Project specific financial reporting requirements.

I. Disbursement Arrangements, Withdrawal of Financing funds and Reporting of uses of Financing Funds


(i) Disbursement Arrangements

- **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. Refer to section 10.01 (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 effected 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 semester, interim unaudited financial reports (“IFR”) for the Project covering the semester.

(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 nine (9) months after the end of such period.

III. Other Information

For additional information on disbursement arrangements, please refer to the Financing 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, please contact the Association by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact Carmenchu Austriaco, Senior Finance Officer at caustriaco@worldbank.org, with copy to Caroline Cheng, Finance Analyst at ccheng2@worldbank.org using the above reference.

Yours sincerely,

Michel Kerf
Country Director
Papua New Guinea & Pacific Islands
East Asia and Pacific Region
**Attachments**

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

With copies: Ms. Maybelline Bing (Email: mayabing@gmail.com)  
Secretary of Finance  
Ministry of Finance  
P.O. Box D  
Majuro 96960  
REPUBLIC OF THE MARSHALL ISLANDS

Jennifer Y. Tseng (Email: jenniferytseng@gmail.com)  
Director of International Development Assistance  
Ministry of Finance  
P.O. Box D  
Majuro 96960  
REPUBLIC OF THE MARSHALL ISLANDS
## Schedule 1: Disbursement Provisions

<table>
<thead>
<tr>
<th>Financing Number</th>
<th>Country</th>
<th>Recipient/Beneficiary</th>
<th>Name of the Project</th>
<th>Closing Date</th>
<th>Section III.B.2. of Schedule 2 to the Financing Agreement</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation Subsections 4.3 and 4.4 (**)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of records (eg, copies of receipts, supplier invoices)</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL</td>
</tr>
<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL</td>
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<tr>
<td>Special Commitment</td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

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<tr>
<th>Type</th>
<th>Segregated</th>
<th>Ceiling</th>
<th>Fixed</th>
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<tbody>
<tr>
<td>Financial Institution - Name</td>
<td>A commercial bank acceptable to the Association</td>
<td>Currency</td>
<td>USD</td>
</tr>
</tbody>
</table>

| Frequency of Reporting Subsection 6.3 (**) | Quarterly | Amount | 200,000 |

The minimum value of applications for Reimbursement and Direct Payment is USD40,000 equivalent.

Authorized Signatures Letter
The World Bank
Level 19, 14 Martin Place
CML Building
Sydney NSW 2000, Australia
Attention: Country Director

Withdrawal and Documentation Applications:
The World Bank
26th Floor, One Global Place
5th Avenue corner 25th Street
Bonomacio Global Taguig Philippines
Attention: Loan Department

** Sections and subsections relate to the "Disbursement Guidelines for Investment Project Financing, dated February 2017"
Attachment 1 – Form of Authorized Signatory Letter

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

[DATE]

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

Attention: Country Director

IDA Financing D322-MH
(Project to Strengthen Budget Execution and Financial Reporting Systems)

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association") and the Republic of the Marshall Islands ("Recipient"). dated ________, providing the above Financing. For the purposes of Section 2.02 of the General Conditions as defined in the Agreement, any [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, including by electronic means, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

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

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.
[Name], [position] Specimen Signature: 

[Name], [position] Specimen Signature: 

[Name], [position] Specimen Signature: 

Yours truly, 

'signed'

[Position]
STATEMENT OF EXPENDITURES

PAYMENTS MADE DURING THE REPORTING PERIOD FROM TO

The following expenditures have been incurred during the retroactive financing period (please tick) Yes No

The following expenditures have been incurred during the closing date of the loan/credit/grant (please tick) Yes No

<table>
<thead>
<tr>
<th>Item No</th>
<th>Supplier's Name</th>
<th>Brief Description of the expenditure</th>
<th>Prior Review Contract? (YES or NO)</th>
<th>Contract # if Client Connection # for Prior Review contracts</th>
<th>Contract currency and amount (original + amendment)</th>
<th>Invoice number</th>
<th>Date of payment</th>
<th>Total amount of invoice covered by Application (net of retention)</th>
<th>% Financed by the Bank/IDA</th>
<th>Eligible Amount (Col 9 x 10)</th>
<th>Exchange Rate</th>
<th>Date of Withdrawal form the Designated Account</th>
<th>Amount Withdrawn form the Designated Account (Col 13/12)</th>
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Supporting documents for this SOE are retained at (insert location)

I certify that the percentage financing in above is SOE is in accordance with the Annual Work Plan and Budget and that details are true at

Project Director

Page 7 of 7