Re: IDA Grant No. D475-MZ
(Mozambique Urban Sanitation Project)
Additional Instructions: Disbursement and Financial Information Letter

Excellency:

I refer to the Grant Agreement between The 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


(i) Disbursement Arrangements

- **General Provisions** (Schedule 1). The table provides the disbursement methods, 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.

- **Special Provision**. Projects in situations of urgent need of assistance or capacity constraints: Disbursements under contracts for goods, works, non-consulting services and consulting services procured or selected through international open or
limited competition or Direct Selection, as set out in the procurement plan, must be made only through Direct Payment and/or Special Commitment disbursement methods.

(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 through National Directorate of Water Supply and Sanitation, Direcção Nacional de Abastecimento de Água e Saneamento (DNAAS) and shall cause the Administration of Water and Sanitation Infrastructure, Administração de Infraestruturas de Água e Saneamento (AIAS) (“together, the Project Implementing Entities) to 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, furnished by the DNAAS and AIAS, shall cover the period of one fiscal year of the Project, or such other period as maybe agreed to with the Association in writing. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

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 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 AskLoans@worldbank.org using the above reference.
Yours sincerely,

By: __________________________
Mark R. Lundell
Country Director for Mozambique, Madagascar, Comoros and Mauritius
Africa Region

Attachments
1. Form of Authorized Signatory Letter
2. Statement of Expenditure (SOE)
# Schedule I: Disbursement Provisions

<table>
<thead>
<tr>
<th>Grant Number</th>
<th>Country</th>
<th>Mozambique</th>
<th>Closing Date</th>
<th>September 30, 2024</th>
</tr>
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<tbody>
<tr>
<td>Recipient</td>
<td>Republic of Mozambique</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of the Project</td>
<td>Mozambique Urban Sanitation Project</td>
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<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of records</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Statements of Expenditure (SOE) in the format provided in Attachment 3 of the DFIL</td>
</tr>
<tr>
<td>Advance (into a Designated Account)</td>
<td>Yes</td>
<td>Statements of Expenditure (SOE) in the format provided in Attachment 3 of the DFIL</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Ceiling</th>
<th>Financial Institution - Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Segregated Accounts</td>
<td>Fixed</td>
<td>Banco de Moçambique (BothAccounts)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frequency of Reporting Subsection 6.3 (**)</th>
<th>Monthly</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>DA-A 5,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DA-B 5,000,000</td>
</tr>
</tbody>
</table>

The minimum value of applications for Direct Payment and Special Commitments is USD 10,000 equivalent.

Please provide completed and signed (a) applications for withdrawal, together with supporting documents, to the address indicated below:

- The World Association
- Delta Centre, 13th Floor,
- Menengai Road
- Nairobi, Kenya
- Tel: +254 20 2936 000
- Attention: Financing Operations
DA-A is to be handled by DNAAS and is linked to Categories 2, 3 and 4.
DA-B is to be handled by AIAS and is linked to Categories 1 and 5.
Funds from the Designated Account DA-A may be transferred to Project Accounts (five, one in each Municipality) in local currency, in a Bank acceptable to IDA, for the payment of eligible expenditures as and when required.

As currently Mozambique has a long outstanding Lapsed Loan, no advances will be released until the full settlement of the outstanding balance of the Designated Account under the Lapsed Loan. Once the Lapsed Loan has been closed, advances will then be released based on the agreed above.
This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to 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 /