Re: IDA Grant Number D523-KI  
(South Tarawa Water Supply Project)  
Additional Instructions: Disbursement and Financial Information Letter

Excellency:

I refer to the Financing Agreement ("Agreement") between the Republic of Kiribati ("Recipient") and the International Development Association (the "Association") for the above-referenced Project, dated . The General Conditions, as defined in the Agreement, provide that the Recipient may from time to time request withdrawals of IDA Grant No.D523-KI ("Grant") 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, and conditions and 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 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 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.

(ii) Audits. Each audit of the Financial Statements must cover the period of one fiscal year of the Recipient. 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.

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 AskLoan@WorldBank.org using the above reference.

Sincerely,

Michel Kerf
Michel Kerf
Country Director
Papua New Guinea & Pacific Islands
East Asia and Pacific Region
Attachments
1. Statement of Expenditures (SOE)
2. Form of Authorized Signatory Letter

With copies:

Ministry of Finance and Economic Development
Bairiki, Tarawa
Kiribati
secretary@mfep.gov.ki

Ministry of Infrastructure & Sustainable Energy
Bairiki, Tarawa
Kiribati
secretary@mise.gov.ki

Project Management Unit
Ministry of Infrastructure & Sustainable Energy
Bairiki, Tarawa
Kiribati
joshua.chappelow@mise.gov.ki
## Schedule 1: Disbursement Provisions

<table>
<thead>
<tr>
<th>Basic Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IDA Grant Number</strong></td>
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<tr>
<td><strong>Country</strong></td>
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<td><strong>Recipient</strong></td>
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<tr>
<td><strong>Name of the Project</strong></td>
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<td><strong>Closing Date</strong></td>
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<tr>
<td><strong>Disbursement Deadline Date</strong></td>
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</tbody>
</table>

### Disbursement Methods and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods <strong>Section 2 (</strong>)</th>
<th>Methods</th>
<th>Supporting Documentation <strong>Subsections 4.3 and 4.4 (</strong>)</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>Statement of Expenditures (Attachment 1)</td>
</tr>
<tr>
<td>Advance</td>
<td>Yes (refer to Other Disbursement Instructions section below)</td>
<td>Statement of Expenditures (Attachment 1)</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
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</tbody>
</table>

#### Designated Account (Sections 5 and 6 **) (Refer to Other Disbursement Instruction section below)

<table>
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<tr>
<th>Type</th>
<th>Segregated; one (1) segregated designated account will be established under the Project.</th>
<th>Ceiling</th>
<th>Fixed</th>
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<tbody>
<tr>
<td><strong>Financial Institution - Name</strong></td>
<td>ANZ Bank</td>
<td>Currency</td>
<td>Australian Dollars (AUD)</td>
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<tr>
<td><strong>Frequency of Reporting Subsection 6.3 (</strong>)**</td>
<td>Quarterly or more often as needed</td>
<td>Amount</td>
<td>AUD 1,000,000</td>
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</tbody>
</table>

#### Minimum Value of Applications (subsection 3.5)

The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is AUD 100,000.

### Authorized Signatures (Subsection 3.1 and 3.2 **) The form for Authorized Signatories Letter is provided in Attachment 2 of this letter

Please forward completed and signed Authorized Signatory Letter to the address below:

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

Attention: Country Director
**Withdrawal and Documentation Applications** (Subsection 3.3 and 3.4 **)**

Please submit completed and signed withdrawal application together with supporting documents to the address below:

The World Bank  
26th Floor, One Global Place  
5th Avenue corner 25th Street, Bonifacio Global City  
Taguig City, Philippines

Attention: Senior Regional Team Leader, WFACS

**Other Disbursement Instructions**

Advance disbursement method and the use of designated account will not be available to the Project until the issue of lapsed loan (TF0A2674, Kiribati Road Rehabilitation Project) is fully resolved.

** Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.**
Attachment 1 - Statement of Expenditures

<table>
<thead>
<tr>
<th>Credit and Grant #</th>
<th>Application #</th>
<th>Category #</th>
<th>Page #</th>
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</table>

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 during before the closing date of the credit (please tick)

<table>
<thead>
<tr>
<th>Item No</th>
<th>Service provider / Supplier / Payee’s Name</th>
<th>Brief Description of the expenditure</th>
<th>Prior Review Contract ? (YES or NO)</th>
<th>Contract # (Client Connectio n # for Prior Review contracts)</th>
<th>Contract currency and amount (original &amp; 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</th>
<th>Expenditure Amount Eligible for Financing</th>
<th>Amount claimed</th>
<th>Amount paid from Designated Account (which should be equal to #11)</th>
<th>Remarks</th>
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Supporting documents for this SOE retained at: (insert location)

Prepared by: __________________ Authorized Representative: __________________

*A separate form should be used for each category
International Development Association
Level 19, 14 Martin Place
CML Building
Sydney NSW 2000
Australia

Attention: Country Director

Re: IDA Grant Number D523-KI
(South Tarawa Water Supply Project)

I refer to the Financing Agreement (“Agreement”) between the Republic of Kiribati (the “Recipient”) and the International Development Association (the “Association”), dated ______, providing the above Financing. 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 this Financing.

For the purpose of delivering Applications to the 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 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: 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.

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 Association.
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 /

______________
FOR INTERNAL DISTRIBUTION ONLY

Prepared by:  Tony Shen (WFACS)

Cleared with and cc:  Holly Woodcroft (LEGES)
                    Stephane Dahan (GWA02)

Cc:  Evaron Doris Masih (EEAG2)