Honorable Dr. Teuea Toatu
Minister for Finance & Economic Development
Ministry for Finance & Economic Development
P.O. Box 67
Bairiki, Tarawa
Republic of Kiribati

Re: IDA Grant Number D559-KI
(Kiribati Outer Islands Transport Infrastructure Investment 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. The General Conditions, as defined in the Agreement, provide that the Recipient may from time to time request withdrawals of IDA Grant No.D559-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.


(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, 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.

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
Republic of Kiribati
secretary@mfep.gov.ki

Ministry of Infrastructure and Sustainable Energy
Betio, Tarawa
Republic of Kiribati
secretary@mise.gov.ki

Ministry of Information, Communications, Transport and Tourism Development
Betio, Tarawa
Republic of Kiribati
tteannaki@micttd.gov.ki
### Schedule 1: Disbursement Provisions

<table>
<thead>
<tr>
<th>Basic Information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IDA Grant Number</strong></td>
<td>D559-KI</td>
</tr>
<tr>
<td><strong>Country</strong></td>
<td>Republic of Kiribati</td>
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<tr>
<td><strong>Recipient</strong></td>
<td>Ministry of Finance and Economic Development</td>
</tr>
<tr>
<td><strong>Name of the Project</strong></td>
<td>Kiribati Outer Islands Transport Infrastructure Investment Project</td>
</tr>
<tr>
<td><strong>Closing Date</strong></td>
<td>Section III.B.2. of Schedule 2 to the Financing Agreement.</td>
</tr>
</tbody>
</table>

#### Disbursement Methods and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation</th>
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</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of records</td>
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<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 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 Instructions below)**

<table>
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<tr>
<th>Type</th>
<th>Ceiling</th>
<th>Financial Institution - Name</th>
<th>Currency</th>
<th>Frequency of Reporting Subsection 6.3 (**)</th>
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<tr>
<td>Pooled: one (1) pooled designated account will be established under the Project.</td>
<td>Fixed</td>
<td>ANZ Bank</td>
<td>Australian Dollars (AUD)</td>
<td>Quarterly or more often as needed</td>
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<td><strong>Minimum Value of Applications (subsection 3.5)</strong></td>
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<td>The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is AUD 500,000.</td>
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**Authorized Signatures (Subsection 3.1 and 3.2 **)** The form for Authorized Signatories Letter is provided in Attachment 2 of this letter

Please send the Authorized Signatory Letter to the address indicated below:

The World Bank  
Level 19, 14 Martin Place  
CML Building
Withdrawal and Documentation Applications (Subsection 3.3 and 3.4 **)

All Withdrawal Applications and supporting documentation will be electronically sent via the Association’s system Client Connection. For Withdrawal Applications in paper form, please submit 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

1. Advance disbursement method and the use of designated account will not be available to the Project until the issue of lapsed loans listed below is fully resolved:
   a) TF0A2674, Kiribati Road Rehabilitation Project
   b) TF12678, Pacific Aviation Investment Project
   c) IDA D105, Pacific Aviation Investment Project

2. This DFIL may not be fully adapted to the disbursement of funds allocated from time to time to Category (5) of the disbursement table in Section III.A of Schedule 2 to the Financing Agreement. The DFIL will be revised, if needed, when funds are allocated to Category (5) of the disbursement table.

**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>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
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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>
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<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 + 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 Association</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*
Attachment 2 – Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance and Economic Development
[Street address]
[City] [Country]

[DATE]

International Development Association
Level 19, 14 Martin Place
CML Building
Sydney    NSW   2000
Australia

Attention: Country Director

Re: IDA Grant Number D559-KI
(Kiribati Outer Islands Transport Infrastructure Investment 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 [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, [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.

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

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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 /

_________________