February 25, 2013

H.E. Aiuba Cuerenia
Minister of Planning and Development
Ministry of Planning and Development
Maputo, Republic of Mozambique

Excellency,

Re: IDA Financing 4582-MZ (Health Service Delivery Project)
Additional Instructions: First Restated Disbursement Letter

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association"); and the Republic of Mozambique (the "Recipient") for the above-referenced project, dated July 15, 2009. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing 4582-MZ ("Financing"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The Disbursement Letter dated June 28, 2011 is hereby "Restated" by changing: (1) the Ceiling for the amount of the Advance; and (2) the requirements for Supporting Documentation for requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account from the use of Interim Financial Report to the use of Statement of Expenditures in the following sections: Section II. (iv) bullet four; Section III.(i) bullet one; Section III.(i); Section IV is renumbered sequentially with the addition of a new Section IV; and Attachment 3 is deleted and replaced by attachments 3A, 3B and 4.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines"), (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Reimbursement
• Advance
• Direct Payment
• Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition in the Financing Agreement.

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1).
A letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

Country Lawyer for Mozambique
The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, and (b) applications for special commitment, together with a copy of the commercial bank letter of credit to the address indicated below:

4 Fricker Road
IFC Building
Illovo 2196
Johannesburg,
South Africa
Attention: Regional Processing Center, Loan Department, World Bank

(iii) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is 20% of the amount advanced to the Designated Account.

(iv) Advances (sections 5 and 6).

• Type of Designated Account (subsection 5.3): Segregated.

• Currency of Designated Accounts (subsection 5.4): United States Dollar (USD)

• Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5): Banco de Mocambique
• **Ceiling (subsection 6.1):** US$ 4,000,000 (see note below)

**Note:** This is a Revised Ceiling which should be reached by providing Withdrawal Applications to document the current outstanding balance of US$ 8,758,146.98 (as of February 25, 2013) until the amount of the Revised Ceiling is reached. Until such date, no replenishments to the Designated Account will be made.

Once the outstanding balance of the Designated Account is less than the Revised Ceiling, replenishments of the Designated Account will resume taking into account the Revised Ceiling.

**III. Reporting on Use of Financing Proceeds**

(i) **Supporting Documentation (section 4).** Supporting documentation should be provided with each application for withdrawal as set out below:

• **For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account's:**
  - Records – Statement of Expenditures with Supporting Documentation (Attachment 3A) - evidencing eligible expenditures (e.g. copies of receipts, supplier invoices) for payments against contracts for Goods valued at USD 200,000 equivalent or more, for contracts for Works valued at USD 500,000 equivalent or more, for consulting firms contracts valued at USD 100,000 equivalent or more, and for services of individual consultant contracts valued at USD 50,000 equivalent or more, that are subject to the World Bank's prior review;
  - Statement of Expenditures without Supporting Documentation in the form attached (Attachment 3B) for all other expenditures / contracts, including Operating Costs and Training;
  - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4);

• **For requests for Direct Payment:** Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Accounts (subsection 6.3):** Monthly

**IV. Other Disbursement Instructions.** Eligible expenditures not claimed under previous withdrawal applications supported by any IFRs, can be claimed by means of the attached Statement of Expenditure: 3A or 3B.

**V. Other Important Information**

If you have not already done so, the Association recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download 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 Mr. Jose C. Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Yours sincerely,

Jose C. Janeiro
Senior Finance Officer
Loan Department

Attachments:

1 & 2 as per the original disbursement letter dated July 15, 2009 remain valid.
3A. Form of Statement of Expenditures with Supporting documentation.
3B. Form of Statement of Expenditures without Supporting documentation.
✓ 4. Form of Payments Against Contracts Subject to the Bank’s Prior Review.

Cc with copies:
## Payments Made during Reporting Period

**Against Contracts Subject to the Bank’s Prior Review**

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<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of WB Review Non-Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
<th>WB’s Share of Amount Paid to Supplier during Period</th>
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