

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

27-Oct-2023

Honorable Lyonpo Namgay Tshering
Minister of Finance
Ministry of Finance
Tashichhodzong
Thimphu, Kingdom of Bhutan

Excellency:

**Re: Bhutan: Advance Agreement for Preparation of Proposed Accelerating Transport and Trade
Connectivity in Eastern South Asia (ACCESS) Phase 2 Project – IDA V504-BT**

Additional Instructions: Disbursement and Financial Information Letter

I refer to the Advance Agreement between the Kingdom of Bhutan (“Recipient”) and International Development Association (“World Bank”), for the above-referenced project, providing the above Financing. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Preparation Advance IDA V504-BT (“PPA”). This letter (“Disbursement and Financial Information Letter”), as revised from time to time, constitutes the additional instructions.

The *Disbursement Guidelines for Investment Project Financing* dated February 2017, (“Disbursement Guidelines”) are available in the World Bank’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 this Disbursement and Financial Information Letter, and the manner in which the provisions in the guidelines apply to the Financing is specified below.

I. Disbursement Arrangements, Withdrawal and Reporting of Grants Proceeds.

(i) Disbursement Arrangements:

General Provisions (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances) and instructions on supporting documentation and frequency of reporting on the Designated Account.

(ii) Withdrawal of Grant Funds (Electronic Delivery). Section 7.01(c) of the Standard Conditions:

The Recipient will deliver Withdrawal Applications (with supporting documents) electronically through the Bank’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 Bank 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 Recipient encounters legal limitations), and which were previously agreed with the Bank. 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 World Bank'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. Section 2.07(a) and (b) of the Standard Conditions.

- (i) **Financial Reports.** The Recipient must prepare and furnish to the World Bank not later than forty-five (45) days after the end of each fiscal semester, Interim Unaudited Financial Report (IUFR) for the Project covering the fiscal semester.
- (ii) **Audits.** Each audit of the Financial Statements shall cover the period of one (1) 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 World Bank not later than six (6) months after the end of such period.

III. Other Important Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the World Bank's website (<http://www.worldbank.org/>) and "Client Connection". The World Bank 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 Grants, 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 World Bank by email at askloans@worldbank.org using the above reference.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Abdoulaye Seck

Resident Representative, Bhutan
South Asia Region

Attachments

1. Form of Authorized Signatory Letter
2. Format of Interim Unaudited Financial report

Schedule 1: Disbursement Provisions

Basic Information					
PPA Number	IDA V504-BT	Country	Kingdom of Bhutan	Closing Date	Refinancing date mentioned in clause 3.03 Article III of the Advance Agreement..
		Recipient	Kingdom of Bhutan		
		Name of the Project	Advance Agreement for Accelerating Transport and Trade Connectivity in Eastern South Asia Phase 2 Project	Disbursement Deadline Date <i>Subsection 3.7</i> **	Disbursement deadline date is same as the refinancing date.
Disbursement Methods and Supporting Documentation					
Disbursement Methods Section 2*	Methods Available	Supporting Documentation Subsections 4.3 and 4.4			
Direct Payment	Yes	Copy of Records - invoice			
Reimbursement	Yes	Interim Unaudited Financial Report (Attachment 2)			
Advance	Yes	Interim Unaudited Financial report (Attachment 2) Copy of bank statements			
Special Commitment	Yes	Copy of Letter of Credit. Proforma Invoice if cited in the Letter of Credit			
Designated Accounts (Sections 5 and 6**)					
Type	Segregated	Ceiling	Variable		
Financial Institution	Bank of Bhutan	Currency	BTN		
Frequency of reporting Subsection 6.3(**)	Quarterly basis	Amount	Forecast of two quarters as provided in the interim unaudited financial report		
Minimum Value of Applications (subsection 3.5)					

The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is USD 50,000 equivalent.

Authorized Signatures (*Subsection 3.1 and 3.2 ***) *The form for Authorized Signatories Letter is provided in Attachment 1 of this letter*
Withdrawal and Documentation Applications (*Subsection 3.3 and 3.4 ***)

Authorized Signatories Letter:
World Bank Bhutan Country Office
BDB Building, Norzin Lam
Chubachu,,Thimphu, Bhutan.
Attention: Resident Representative for Bhutan

Withdrawal and Documentation Applications:
The World Bank
No. 11, Taramani Main Road
Taramani, Chennai – 600 113
India
Attention: Team Lead, WFACS

Additional Instructions

*Sections and subsections indicated relate to the Disbursement Guidelines for Investment Project Financing dated 2017.

Form of Authorized Signatory Letter
[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

World Bank Bhutan Country Office
BDB Building, Norzin Lam
Chubachu, Chubachu, Thimphu, Bhutan.
Attention: Resident Representative for Bhutan

Re: Bhutan: Advance Agreement for Accelerating Transport and Trade Connectivity in Eastern South Asia Phase 2 Project – IDA V504-BT

I refer to the Advance Agreement between the Kingdom of Bhutan (“Recipient”) and International Development Association (“World Bank”), for the above-referenced project, dated _____, providing the above Financing. For the purposes of Section 3.03 (b) of the Standard Conditions, as defined in the Agreement, any [¹one] 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 the Grants.

For the purpose of delivering Applications to the World Bank, 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 World Bank.

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 the World Bank by

¹ Instruction to the Recipient when sending this letter to the World Bank: 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 World Bank.*

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 World Bank.*

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 World Bank.*

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 World Bank.*

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 World Bank.*

⁶ Instruction to the Recipient: In case signatory(ies) are authorized separately for part(s)/category(ies) included in the Grant Agreement, the authorized signatories letter may make reference to the relevant part(s)/category(ies) in the subject line. *Please delete this footnote in final letter that is sent to the World Bank.*

electronic means. In full recognition that the World Bank 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 World Bank that it will cause such persons to abide by those terms and conditions.]

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

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

Attachment 2 – Format of Interim Unaudited Financial Report (to be provided by FM)