

**THE WORLD BANK**

IBRD • IDA | WORLD BANK GROUP

Afghanistan Country Office

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OFFICIAL DOCUMENTS

July 3, 2018

H.E. Mohammad Khalid Payenda
Acting Minister of Finance
Ministry of Finance
Islamic Republic of Afghanistan
Kabul, Afghanistan

Excellency:

**Re: Islamic Republic of Afghanistan ARTF Grant Advance No.TF0A8009
(Preparation of EQRA Project)
Additional Instructions: Disbursement Letter**

I refer to the Letter Agreement between the International Development Association (the “Association”) acting as an Administrator of the grants funds provided by various donors to the Afghanistan Reconstruction Trust Funds and the Islamic Republic of Afghanistan (the “Recipient”) for the above-referenced project, dated July 3, 2018. The Letter Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of ARTF Grant No.TF0A8009 (“Grant”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The *World Bank Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“Disbursement Guidelines”) are available in the Association’s public website <https://www.worldbank.org>, and 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 and Special Commitment.

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in Article III, section 3.03 of the Annex to the Letter Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Conditions in Article III, section 3.02 of the Annex to the Letter Agreement.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). Applications for this Grant will be signed by the official(s) authorized to sign Applications as indicated in your letter dated August 20, 2017. Whenever changes are necessary, a letter in the Form attached (Attachment 1) should be furnished to the Association at the address

indicated in the paragraph (ii) below, providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications.

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

The World Bank
Country Office
Kabul, Islamic Republic of Afghanistan
Attention: **Loan Operations Department, WFACS**

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association's Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials ("SIDC") from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. 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* ("Terms and Conditions of Use of Secure Identification Credentials") available at 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.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for reimbursement, direct payment and special commitment is United States Dollars (USD) 180,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated. One segregated designated account will be established and managed by the Special Disbursement Unit in the Treasury Department of the Ministry of Finance.
- **Currency of Designated Accounts (subsection 5.4):** USD
- **Financial Institution at which the Designated Accounts will be opened (subsection 5.5):** Da Afghanistan Bank
- **Ceilings (subsection 6.1):** Forecast for two (2) quarters as provided in the quarterly Interim unaudited Financial Report (IFR) up to USD 910,000.

III. Reporting on Use of Grant 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:** Interim Unaudited Financial Report (IFRs) in the form attached (Attachment 2), including the identification of payments subject to the Association's prior review.
- **For requests for Direct Payment:** Records evidencing eligible expenditures, e.g., copies of invoices, individual consultant fee statement, consultant firm fee statements, copy of bank guarantee (where required under the contract) and for goods purchases, invoices and upon request, documents evidencing receipt of goods.
- **For requests for Special Commitment:** Copy of Letter of Credit.

(ii) **Frequency of Reporting Eligible Expenditures paid from the Designated Account (subsection 6.3):** The period set out in the Grant Agreement for provision of Interim Unaudited Financial Reports, i.e. quarterly.

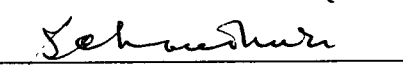
IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Association's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>.

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 prepare and deliver Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. 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 us at AskLoans@WorldBank.org using the above reference.

Yours sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION



Shubham Chaudhuri
Country Director
Islamic Republic of Afghanistan
South Asia Region

Attachments

1. Form for Authorized Signatures
2. Interim Unaudited Financial Reports

Form of Authorized Signatory Letter

[Letterhead]

Ministry of Finance
Kabul, Islamic Republic of Afghanistan

[DATE]

The World Bank
Country Office
Kabul, Afghanistan

Attention: [Country Director]

**Re: Islamic Republic of Afghanistan
ARTF Grant No. _____**

(Preparation of _____ Project)

Dear [Country Director]:

I refer to the Grant Agreement between the International Development Association acting as an Administrator of the grants funds provided by various donors to the Afghanistan Reconstruction Trust Funds, dated _____ providing the above Grant. For the purposes of Section 3.04 (b) of the Standard 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 Grant.

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 the Association by _____]

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.*

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 /

[Position]

Interim Unaudited Financial Reports
(Standard Format for the Country)

Name of project							
Sources and Uses of Funds							
For the Period Ending							
	Current Period			CUMMULATIVE			FORECAST
RECEIPTS	Actual	Budgeted	Variance	Actual	Budgeted	Variance	Next 6 Months
World Bank							
Advance							
Reimbursement							
Direct Payment							
Total Receipts (A)	0	0	0	0	0	0	0
LESS EXPENDITURES							
Component 1							
Component 2							
Component 3							
Component 4							
Total Expenditures (B)	0	0	0	0	0	0	0
RECEIPTS LESS EXPENDITURES							
Net Change in Cash (A - B)	0	0	0	0	0	0	
Foreign Exchange Adjustment							
CASH BALANCES							
Opening Cash Balances							
Designated Account							
Project Account							
Total Opening Balance	0						
Closing Cash Balances							
Designated Account							
Project Account							
Total Closing Balance	0						

Cash Flow Reconciliation		
	Current Period	Cumulative Period
Opening Balance		0
Add: Receipt		
Less: Closing Balance		
Expected Expense	0	0
Actual Expense		
Difference	0	0

Name of project							
Use of Funds by Project Components							
For the Period Ending							
	Current Period			CUMMULATIVE			FORECAST
	Actual	Budgeted	Variance	Actual	Budgeted	Variance	Next 6 Months
Component 1							
Component 2							
Component 3							
Component 4							
Total	0	0	0	0	0	0	0

Name of project						
Use of Funds by Disbursement Categories						
For the Period Ending						
Categories	Current Period	CUMMULATIVE				
	Actual	Amount per IFR	Amount per Client Connection	Difference	Comments	Total Allocation per legal agreements
1. Consultants						
2. Training and Workshops						
3. Audits						
Total	0	0	0	0	0	0

Name of project Cash Forecast For the Period Ending	
Eligible Expenditures to be financed by the World Bank for the Next 6 Months	US\$
Less Direct payments to be made by the World Bank	
Eligible Expenditures to be financed by the World Bank from the Designated Accounts	-
Less:	
Current Balance in the Designated Account	
Current Balance in the Project Account	
Total Current Balance	-
Amount Requested to be Advanced to Designated Account	-

DESIGNATED ACCOUNT RECONCILIATION STATEMENT		
LOAN/CREDIT/PPF/COFINANCIER NUMBER _____		
ACCOUNT NUMBER _____ WITH (BANK) _____		
	US\$'000	
1	TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)	
2	LESS: TOTAL AMOUNT DOCUMENTED BY WORLD BANK	
3	PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1 - 2)	-
4	BALANCE OF DESIGNATED ACCOUNT & PROJECT ACCOUNT PER ATTACHED BANK RECONCILIATION AS OF DATE _____	
5	PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. _____	
6	PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: _____	
7	PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS APPLICATION NO. _____ WA # XXX _____ WA # XX _____ SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED	
8	LESS: INTEREST EARNED	
9	TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)	-
10	DIFFERENCE (3 - 9)	-
11 EXPLANATION OF ANY DIFFERENCE SHOWN IN LINE 10: 		
DATE: _____		SIGNATURE: _____
		TITLE: _____

FOR OFFICIAL USE ONLY

Drafted by: Victor Ordonez, WFACS

Cleared with and cc: Nathalie Lahire and Matiullah Noori (GED06)
Juan Carlos Alvarez (LEGES)

Cc: Syed Waseem Abbas Kazmi, GGOAP