



OFFICIAL DOCUMENTS

VO
Senior Finance Officer
South Asia Region

November 7, 2017

The Secretary
Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization
Economic Affairs Division
Islamabad, Pakistan

**Re: Islamic Republic of Pakistan
IDA Financing No. 6047-PK
(Sindh Enhancing Response to Reduce Stunting Project)
Additional Instructions: Disbursement**

Dear Sir:

I refer to the Financing Agreement between the International Development Association (the "Association") and The Islamic Republic of Pakistan (the "Recipient") providing the above-referenced financing (the "Financing"), dated July 26, 2017 (the "Financing Agreement"). The Financing Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of the Financing. This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions, as is amended to include the "Advance" disbursement method.

The *World Bank Disbursement Guidelines for Investment Project Financing*, dated February 2017, ("Disbursement Guidelines") (attached to the Disbursement Letter dated July 26, 2017), are an integral part of this Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing 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 Financing:

- Reimbursement
- Direct Payment
- Special Commitment
- Advance

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) months after the Closing Date specified in section IV. B. 5. of Schedule 2 to the Financing Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Conditions in section IV. B. 1 to IV.B.4. of Schedule 2 to the Financing Agreement.



II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory letter, in the Form attached to the Disbursement Letter date July 26, 2017, should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank Office in Islamabad
20 A, Shahrah-e-Jamhuriat
Ramna 5, Sector G-5/1
Islamabad, Pakistan

Attention: **Patchamuthu Illangovan**
Country Director, Pakistan

(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 Office in Islamabad
20 A, Shahrah-e-Jamhuriat
Ramna 5, Sector G-5/1
Islamabad, Pakistan

Attention: **Anwar Ali Bhatti**
Disbursement Management Unit

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank 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 World Bank 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 World Bank agrees, the World Bank 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 World Bank 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") provided in Attachment 3; 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) 300,000 equivalent.

(vi) *Advances (sections 5 and 6).*

- *Type of Designated Account (subsection 5.3):* Segregated.
- *Currency of Designated Account (subsection 5.4):* USD.
- *Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):* National Bank of Pakistan.
- *Ceiling (subsection 6.1):* Forecast for 2 quarters as provided in the quarterly Interim Unaudited Financial Report.

III. Reporting on Use of Credit Proceeds

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

- *For requests for Reimbursement for Eligible Expenditures Program for Category 1 under Part 1 of the Project (Disbursement Linked Indicators, as stated in section IV.A.2 of Schedule 2 to the Financing Agreement)*
 - Interim Financial Report (IFRs) in the form attached to the Disbursement Letter dated July 26, 2017, including the sections (i) DLIs reconciliation Form, (ii) List of achieved and verified DLIs, (iii) Sources and Uses of Funds, (iv) Cash Forecast, and (v) bank Account Reconciliation.
- *For requests for Reimbursement and for reporting expenditures paid from the Designated Account for Category 2 under Part 2 of the Project:*
 - Interim Financial Report (IFRs) in the form attached to the Disbursement Letter dated July 26, 2017, including the section Cash Forecast, and
 - Copy of bank account statement of the Designated Account should be attached to the Application for Withdrawal for replenishment of the Designated Account.
- *For requests for Direct Payment:* records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

IV. Other Disbursement Arrangements

With regard to Disbursement Category 1 (Section IV.A.2 of Schedule 2 of the Financing Agreement), which is linked to DLIs, for financing eligible expenditures under said category:

1. Please refer to the **withdrawal Condition(s)** in the Financing Agreement. Section IV.B.

2. For financing eligible expenditures under this category, The Borrower has furnished **evidence** satisfactory to the Bank that (i) Eligible expenditures have been spent and verified in accordance with provisions of Section IV.B of Schedule 2 of the Financing Agreement and that (ii) the relevant DLI(s) has/have been achieved.
3. **For Documentation** i.e. being converted to eligible expenditures. The Lesser of (i) eligible expenditures spent reported in the IUFRRs and (ii) the amounts confirmed by TTL pertaining to DLIs which have been achieved and verified in accordance with the verification protocol set in project's Operations Manual will be paid.
4. Reimbursement under this category will be channeled through the Federal Government Consolidated (Non-Food) account" onwards to the Sindh Government Consolidated Fund Account No. 1 (Non-Food), therefore a Designated Account will not be required.

V. Other Important Information

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

If you have not done so, the Bank recommends that you register as a user of the Client Connection website at <https://clientconnection.worldbank.org>. From this website you will be able to prepare and deliver 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 World Bank by email at <https://clientconnection.worldbank.org>.

If you have any queries in relation to the above, please contact Mr. Anwar Ali Bhatti at the Bank's office in Islamabad, using the above reference.

Yours sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____



Victor Ordonez
Senior Finance Officer
Pakistan
South Asia Region

Attachments

All attachments provided in the Disbursement Letter dated July 26, 2017 continue to be applicable.