



April 6, 2021

Mr. Sishir Kumar Dhungana
Secretary
Ministry of Finance
Government of Nepal
Singha Durbar, Kathmandu.

Dear Mr. Dhungana:

Re: SAWI-P2 MDTF Grant No. TF0B4904
Additional Grant for Power Sector Reform and Sustainable Hydropower Development Project
Additional Instructions: Disbursement and Financial Information Letter

I refer to the Grant Agreement (“Grant Agreement”) between Nepal (“Recipient”) and International Bank for Reconstruction and Development and International Development Association (“World Bank”), acting as administrator of the South Asia Water Initiative Phase-2 Multi-Donor Trust Fund for the above-referenced project, dated **April 6, 2021**. The Standard Conditions as defined in the Grant Agreement provide that the World Bank may issue to the Recipient additional instructions regarding the withdrawal of the proceeds under Grant No. TF0B4904 (“Grant”). 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 Grant 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), instructions on supporting documentation.

(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

Nepal Country Office, Yak & Yeti Hotel Complex, Durbar Marg, Kathmandu, Nepal
P.O. Box 798, Phone: +977 1 4236000/4226792/4439571 Fax: +977 1 4225112

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 Association not later than forty five (45) days after the end of each Fiscal Quadrimester, Interim Unaudited Financial Report (IUFR) for the Project covering the Fiscal Quadrimester.
- (ii) **Audits.** Each audit of the Financial Statements shall 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 nine (9) 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 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 World Bank by email at askloans@worldbank.org using the above reference.

Sincerely,



Faris H. Hadad-Zervos
Country Director for Maldives, Nepal and Sri Lanka.

Attachments

- 1. Form of Authorized Signatory Letter
- 2. Format of Statement of Expenditures

Schedule 1: Disbursement Provisions

Basic Information			
Grant Number	Grant No. TF0B4904	Country Recipient	Closing Date
		Nepal Nepal	Section IV.B.2 of Schedule 2 to the Grant Agreement.
		Name of the Project Additional Grant for Power Sector Reform and Sustainable Hydropower Development Project	Disbursement Deadline Date <i>Subsection 3.7</i> **
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	Statement of Expenditures (SOE) in the format attached (Attachment 2 of the DFIL)	
Special Commitment	Yes	Copy of Letter of Credit. Proforma Invoice if cited in the Letter of Credit	
Minimum Value of Applications (subsection 3.5)			
The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is USD 10,000 equivalent.			
Authorized Signatures (Subsection 3.1 and 3.2 **) The form for Authorized Signatories Letter is provided in Attachment 1 of this letter <i>Withdrawal and Documentation Applications (Subsection 3.3 and 3.4 **)</i>			
Authorized Signatories Letter: The World Bank Nepal Country Office, Yak & Yeti Complex, Durbar Marg, Kathmandu, Nepal Attention: Country Director for Maldives, Nepal and Sri Lanka.	Withdrawal and Documentation Applications: The World Bank No. 11, Taramani Main Road Taramani, Chennai – 600 113 India Attention: Team Lead, WFACS		

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

Attachment [2]

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

[DATE]

The World Bank
Nepal Country Office,
Yak & Yeti Complex,
Durbar Marg,
Kathmandu, Nepal
Attention: Country Director for Maldives, Nepal and Sri Lanka.

Re: SAWI-P2 Grant No. TF0B4904
Additional Grant for Power Sector Reform and Sustainable Hydropower Development Project

I refer to the Grant Agreement (“Grant Agreement”) between Nepal (“Recipient”) and the International Bank for Reconstruction and Development/International Development Association (“World Bank”), acting as administrator of the South Asia Water Initiative Phase-2 Multi-Donor Trust Fund, dated _____, providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Grant 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 this Loan and Grant.

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.*

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]

⁶ Instruction to the Recipient: In case signatory(ies) are authorized separately for part(s)/category(ies) included in the Financing 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.*

Attachment 2 - Statement of Expenditures

Payment made during the period
from

to

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 financing (please tick)

Yes	No
Yes	No

TF #
Application #
Category #
Page #

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Item No	Service provider / Supplier / Payee's Name	Brief Description of the expenditure	Prior Review Contract? (YES or NO)	Contract # <i>(Client Connection # for Prior Review contracts)</i>	Contract currency and amount (original + amendment)	Invoice number	Date of payment	Total amount of invoice covered by Application (net of retention)	% Financed by the Bank	Amount paid	Amount claimed	Date of payment	Remarks
												TOTAL	

Supporting documents for this SOE are retained at

Prepared by :
A separate form should be used for each category

Authorized Representative: