

OFFICIAL DOCUMENTS



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SHUBHAM CHAUDHURI
Country Director
Islamic Republic of Afghanistan

Date: 10 April, 2018

H.E. Excellency Eklil Ahmad Hakimi
Minister of Finance
Ministry of Finance
Kabul, Islamic Republic of Afghanistan

**Re: IDA Financing D2830-AF (Modernizing Afghan State Owned Banks Project)
Additional Instructions: Disbursement and Financial Information Letter.**

Excellency:

I refer to the Financing Agreement between Islamic Republic of Afghanistan (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced Project. The General Conditions, as defined in the Financing Agreement, provide that the Recipient may from time to time request withdrawals of Financing amounts from the Financing Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Association may specify from time to time by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”), and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Financing Funds, and Reporting of Uses of Financing Funds.

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

(i) Disbursement Arrangements

- **General Provisions** (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient, conditions, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.
- **Special Provision.** Projects in situations of urgent need of assistance or capacity constraints: Disbursements under contracts for goods, works, non-consulting services and consulting services procured or selected through international open or limited competition or Direct Selection, as set out in the procurement plan, must be made only through Direct Payment and/or Special Commitment disbursement methods.

(ii) Electronic Delivery. Section 11.01 (c) of the General Conditions for IDA Financing IPF.

The Association may permit the Recipient to electronically deliver applications (with supporting documents) through the Association’s web-based portal (<https://clientconnection.worldbank.org>) “Client



Connection”. This option may be effected if the officials designated in writing by the Recipient who are authorized to sign and deliver Applications have registered as users of “Client Connection”. The designated officials may 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 Association by electronic means. 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. 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 Association'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 5.09 of the General Conditions for IDA Financing IPF.

(i) Financial Reports. The Recipient must prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFR”) for the Project covering the quarter.

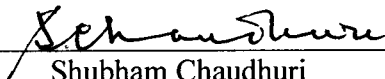
(ii) Audits. Each audit of the Financial Statements must cover the period of one fiscal year of the Recipient¹, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period must be furnished to the Association not later than six (6) months after the end of such period.

III. Other Information.

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association’s website (<http://www.worldbank.org/>) and “Client Connection”. The Association 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 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 Victor Ordonez at vconde@worldbank.org, and Janardhanan Ramanujam at jramanujam@worldbank.org (WFACS) using the above reference.

Yours sincerely,



Shubham Chaudhuri
Country Director
Afghanistan
South Asia Region

¹ December 22 to December 21



Attachments

1. Form of Authorized Signatory Letter.

Note. Applications for Withdrawal for this Financing 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 stated in the attachment should be furnished to the Association at the address indicated in the Schedule 1 of this letter, providing the name(s) and specimen signature(s) of the official(s) authorized to sign applications.

2. Interim unaudited Financial Report (IFR)

Schedule 1 : Disbursement Provisions

Financing Number	D2830-AF	Country	Islamic Republic of Afghanistan	Closing Date	Section IV.B.2. of Schedule 2 to the Financing Agreement.
		Recipient	Islamic Republic of Afghanistan		
		Name of the Project	Modernizing Afghan State Owned Banks Project	Disbursement Deadline Date <i>Subsection 3.7 **</i>	Four months after the closing date.
Disbursement Methods <i>Section 2 (**)</i>		Methods	Supporting Documentation <i>Subsections 4.3 and 4.4 (**)</i>		
Direct Payment		Yes	Copy of records		
Reimbursement		Yes	Interim unaudited Financial Report (IFR)		
Designated Account		Yes	Interim unaudited Financial Report (IFR) <i>Recipient is required to use the Direct Payment or Special Commitment disbursement methods for disbursements under contracts for goods, works, non-consulting services and consulting services procured/selected through international open or limited competition, or Direct Selection, as set out in the procurement plan (it as stated in the Minutes of Negotiations).</i>		
Special Commitments		Yes	Copy of Letter of Credit		
Type	Segregated		Ceiling	Variable	
Financial Institution – Name	DA Afghanistan Bank The account will be established and managed by the Special Disbursement Unit (Treasury Department, Ministry of Finance)		Currency	USD	
Frequency of Reporting <i>Subsection 6.3 (**)</i>	Same as IFR: Quarterly		Amount	As required: Stated in the IFR, and which will cover a six-month period but without considering direct payments.	
The minimum value of applications for Reimbursement, Direct Payment, and Special Commitment is USD 1,000,000 equivalent.					
The World Bank Country Office Kabul, Afghanistan			Attention: Loan Department (WFACS)		

**** Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.**

Attachment 1 – Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: [Financing][Credit]² No. _____ - ____ (*Name of the project*)
Attention: _____, *Country Director*

I refer to the [Financing] [Credit] Agreement (“Agreement”) between the International Development Association (the “Association”), acting as implementing of the]³ and [*name of recipient*] (the “Recipient”), dated _____, providing the above [Financing] [Credit]. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any ⁴[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 [Financing] [Credit].

For the purpose of delivering Applications to the Association, including by electronic means, ⁵[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting ⁶[individually] ⁷[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

² Instruction to the Recipient: use “Credit” or “Financing” as applicable. *Please delete this footnote in final letter that is sent to the Associations.*

³ Instruction to the Recipient: add text in line with the Financing Agreement if applicable; if not applicable delete it. *Please delete this footnote in final letter that is sent to the Associations*

⁴ 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.*

⁵ 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.*

⁶ 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.*

⁷ 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.*

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 /

[Positon]

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Victor Ordonez, WFACS

Cleared with and cc: Juan Carlos Alvarez, LEGES
Ahmed Mohamed Tawfick Rostom, GFCSN

Cc: Syed Waseem Abbas Kazmi, GGOAP