H.E. Mohammad Humayon Qayoumi
Minister of Finance
Ministry of Finance
Kabul, Islamic Republic of Afghanistan

RE: ARTF Grant No. TF0B0027 and IDA Grant No. D4530-AF
(Afghanistan Payments Automation and Integration of Salaries Project)
Disbursement and Financial Information Letter (DFIL)

Excellency:

I refer to (1) the Grant Agreement between the Islamic Republic of Afghanistan (the “Recipient”), and the International Development Association (the “Association”), acting as an administrator of the grants funds provided by various donors to the Afghanistan Reconstruction Trust Fund (ARTF), for the ARTF Grant No. TF0B0027, and (2) the Financing Agreement between the Recipient and Association for the IDA Grant No. D4530-AF. These legal agreements provide that the Association may issue additional instructions regarding the withdrawal of funds of these grants (ARTF Grant and IDA Grant, collectively the “Financing”). 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 an integral part of the Disbursement and Financial Information Letter and are available in the Association’s public website at https://worldbank.org. The manner in which the provisions in the Disbursement Guidelines apply to the Financing is specified below. Sections and subsections in parenthesis 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 meaning ascribed to them in the Disbursement Guidelines.

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

General Provisions. 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, processing of Direct Payments, and advances), and instructions on supporting documentation.

(ii) Electronic Delivery. Reference: (A) for the ARTF, Section 7.01 of the Standard Conditions for Grants; and (B) for the IDA grant, Section 11.01 of the General Conditions for IDA Financing: Investment Project Financing.

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. Applicable to the IDA Grant, in line with Section 5.09 of the General Conditions for IDA Financing: Investment Project Financing.¹

(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 semester, interim unaudited financial reports ("IFR") for the Project covering such semester.

(ii) Audits. Each audit of the Financial Statements must 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 Associations 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 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 askloans@worldbank.org.

If you have any queries in relation to the above, please contact Jose Janeiro, Senior Finance Officer, at jjaneiro@worldbank.org, with copy to Janardhanan Ramanujam at jramanujam@worldbank.org using the above reference.

Yours sincerely,

\[Signature\]

Shubham Chaudhuri
Country Director
Afghanistan, South Asia Region
International Development Association

¹ Both provisions, i.e. Financial Reports and Audit, are applicable to the ARTF Grant.
Attachments
1. Form of Interim Unaudited Financial Report
2. Form of authorized Signatories

With copies: Ministry of Finance
Pashtunistan Watt
Kabul, Afghanistan
Zahid.hamdard@mof.gov.af
Schedule 1: Disbursement Provisions

<table>
<thead>
<tr>
<th>Basic Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Numbers</strong></td>
</tr>
<tr>
<td>IDA Grant</td>
</tr>
<tr>
<td>ARTF Grant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Payment</strong></td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Reimbursement</strong></td>
<td>Yes</td>
<td>Interim Unaudited Financial Report (IFR) (Attachment 1) which will include a list of payments made against contracts for which the Bank’s prior review is required (as applicable)</td>
</tr>
<tr>
<td><strong>Advance</strong></td>
<td>Yes</td>
<td>Interim Unaudited Financial Report (IFR) (Attachment 1) which will include a list of payments made against contracts for which the Bank’s prior review is required (as applicable)</td>
</tr>
<tr>
<td><strong>Special Commitments</strong></td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

**Designated Account (Sections 5 and 6 *)**

<table>
<thead>
<tr>
<th><strong>Financial Institution</strong></th>
<th><strong>Ceiling</strong></th>
<th><strong>Variable</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Da Afghanistan Bank</td>
<td>Same as IFRs: Semi-annually</td>
<td>Based on two (2) quarters’ forecast of eligible expenditures to be financed out of the funds in the Designated Account.</td>
</tr>
</tbody>
</table>

**Type of the Designated Accounts**

- 2 Pooled Designated Accounts:
  - (I) DA - A Ministry of Finance (MoF) pooled designated account in USD will be established under the Project to receive funds from both IDA grant and ARTF grant for Disbursement Categories 1 and 3 of the Financing and Grant Agreements.
  - (II) DA – B Da Afghanistan Bank (DAB) pooled designated account in USD will be established under the Project to receive funds from both IDA grant and ARTF grant for Disbursement Categories 2 and 4 of the Financing and Grant Agreements.

**Minimum Value of Applications (subsection 3.5)**

The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is USD 100,000 equivalent.

**Authorized Signatures (Subsection 3.1 and 3.2 *)**
Applications for the Financing (both IDA Grant and ARTF Grant under the Project) 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 2) should be furnished to the Association at the address indicated below, providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

| The World Bank |
| Country Office |
| Kabul, Afghanistan |
| Attention: WFACS |

**Withdrawal and Documentation Applications (Subsection 3.3 and 3.4*)**

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, Afghanistan |
| Attention: WFACS |

Attachment 2 – Form of Authorized Signatory Letter

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

[DATE]

The World Bank
Country Office
Kabul, Afghanistan

Attention: Country Director

RE: ARTF Grant No. TF0XXX and IDA Grant No. XXXX-AF
(Afghanistan Land Administration System Project)

I refer to (1) the Grant Agreement between the Islamic Republic of Afghanistan (the “Recipient”), and the International Development Association (the “Association”), acting as an administrator of the grants funds provided by various donors to the Afghanistan Reconstruction Trust Fund (ARTF), and (2) the Financing Agreement between the Recipient and Association, dated ____ , providing the above Financing. For the purposes of Section 2.03 of the General Conditions as defined in the IDA Financing Agreement and Section 3.04 (b) of the Standard Conditions as defined in the ARTF Grant Agreement, any [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 the above Financing.

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

[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

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2 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.
3 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.
4 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.
5 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.
6 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.
the Association by 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 /

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