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

**ISLAMIC REPUBLIC OF AFGHANISTAN: (EORA Project)  
IDA Grant Number D381-AF, and ARTF Grant No. TF0A8449-AF  
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 TF0A8449-AF, and (2) the Financing Agreement between the Recipient and Association for the IDA Grant D381-AF. These legal agreements provide that the Association may issue additional instructions regarding the withdrawal of the funds of these grants (collectively the “Financing”). This letter (“Disbursement and Financial Information 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 an integral part of the Disbursement and Financial Information Letter, and are available in the World Bank’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.

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

**General Provisions.** The table in Schedule I sets out the disbursement methods which may be used by the Recipient (including mandatory direct payment), 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 IPF.

The World Bank may permit the Recipient to electronically deliver applications (with supporting documents) through the World Bank’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 World Bank 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 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. Applicable to the IDA Grant, in line with 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 semiannual, 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 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 World Bank’s website 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 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 the Loan Operations department through the service account AskLoanQA@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

Both provisions are applicable to the ARTE grant in line with the corresponding legal agreement (but not referenced to the Standard Conditions for Grants).
Attachments
1. Form for Authorized Signatures
2. Interim Unaudited Financial Reports
Schedule 1: Disbursement Provisions

<table>
<thead>
<tr>
<th>Numbers</th>
<th>Country, and Recipient</th>
<th>Closing Date</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Grant</td>
<td>Islamic Republic of Afghanistan</td>
<td>Stated in (A) section III.B.2. of Schedule 2 to the IDA Financing Agreement, and (B) section IV.B.2. of Schedule 2 to the ARTF Grant Agreement.</td>
<td></td>
</tr>
<tr>
<td>ARTF Grant</td>
<td>Education Quality Reform in Afghanistan</td>
<td>Four (4) months after the closing date</td>
<td></td>
</tr>
</tbody>
</table>

**Disbursement Methods and Supporting Documentation**

<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of records</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Interim unaudited Financial Report (IFR)</td>
</tr>
<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>Interim unaudited Financial Report (IFR)</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

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

**Financial Institution**
- Da Afghanistan Bank

**Ceiling**
- Variable

**Frequency of Reporting**
- Same as IFR: Semiannual

**Amount**
- As required, and to be stated in the IFR to cover a six-month period of eligible expenditures, but excluding contracts subject to direct payments.

**Type and ceiling of the Designated Accounts**
- DA "A" for IDA Grant -AF, DA "B" for ARTF Grant TF
- The project will establish three segregated Designated Accounts (DA) in USD and DA "C" for the GPE Grant TF

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

The minimum value of applications for Reimbursement, and Direct Payment is USD 200,000 equivalent combined amount.

**Authorized Signatures (Subsection 3.1 and 3.2 *)**

The form for Authorized Signatories Letter is provided in Attachment 1 of this letter

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

The World Bank
Country Office
Kabul, Afghanistan

Note: The Withdrawal Applications will be signed by the official(s) authorized to sign as indicated in the Ministry of Finance's letter dated August 20, 2017.

**Other Instructions**

Categories 7(a) and 7(b) for the result-based components 2 and 3 respectively, are conditioned to the achievement of the DILs stated in Schedule 3 of the corresponding Grant Agreement and Financing Agreement.

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