



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

Afghanistan Country Office

**OFFICIAL
DOCUMENTS**

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H.E Abdul Hadi Arghandiwal
Acting Minister of Finance
Ministry of Finance
Islamic Republic of Afghanistan
Kabul, Afghanistan

July 23, 2020

Excellency:

**Re: IDA Financing No. H894- AF, (Access to Finance Project)
Additional Instructions: Disbursement**

I refer to the Financing Agreement between the Islamic Republic of Afghanistan (the "Recipient") and the International Development Association (the "Association") for the above-referenced project, dated January 11, 2014. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing No. H894-AF ("Financing"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This replaces the Disbursement Letter issued under IDA Financing No. H894-AF dated January 11, 2014. This is the first restatement of the subject Disbursement Letter to change the Designated Account (DA-A) ceiling of Part 1 of the Project to USD 4 million under Section (vi) of Disbursement Arrangements.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the 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
- Advance
- Direct Payment

(ii) *Disbursement Deadline Date (subsection 3.7)*. The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

II. Withdrawal of Financing Proceeds

(i) *Authorized Signatures (subsection 3.1)*. Applications for this Financing will be signed by the official(s) authorized to sign Applications as indicated in your letter dated April 07.2020. 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: Country Director, Afghanistan

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank
Country Office
Kabul, Afghanistan
Attention: WFACS

(iii) Electronic Delivery (subsection 3.4): The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association's Client Connection, web-based portal. The option to deliver Applications to the Association 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 Association 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 Association agrees, the Association 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 Association 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 SIDC") 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 and direct payment are US\$ 200,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated. One segregated designated account will be established for Part 1 of the Project and managed by the Special Disbursement Unit in the Treasury Department of the Ministry of Finance.
- **Currency of Designated Account (subsection 5.4):** US\$.
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Da Afghanistan Bank.
- **Ceiling (subsection 6.1):** US\$ 4,000,000.

III. Reporting on Use of Financing Proceeds

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

- **For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account:**
 - Statement of Expenditures and Certificate from Monitoring Agent (Attachment 3)
- **For requests for Direct Payment:** Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices, consultant firm invoices, copy of bank guarantee (where required under the contract), individual consultant fee statement; For goods purchases, documents evidencing receipt of goods, etc.

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):** Quarterly basis.

(iii) **Other Supporting Documentation Instructions:** Copies of bank statement of the designated account and should be attached to the Application for Withdrawal for replenishment of the designated account.

IV. Other Disbursement Instructions:

1. Disbursements by the Association under Part 2 of the Project are the following:

a) Under Part 2.1, with allocation of SDR 8,480,000,

(A) The Association will advance in installment to a bank account designated by DEG and agreed to by the Recipient. These advance funds will be co-mingled with funds of DEG in the designated bank account, which will be treated as the 'pooled' designated account for the Association's disbursement purposes.

(B) Expenditures under this sub-Part 2.1 will be recognized when partial credit guarantees are issued in accordance with the Guarantee Facility Operational Manual and the DEG Agreement. Expenditures so recognized will be charged against advances made through withdrawal applications to be submitted by the Recipient, based on relevant information provided by DEG.

(C) The frequency and format and content of the reporting package for purposes of reporting on the receipt and use of the Association's funds under this sub-Part will be stipulated in the Guarantee Facility Operational Manual and the DEG Agreement.

(D) Once the Afghanistan Credit Guarantee Foundation (ACGF) is legally established, the Association's advance funds remaining in the 'pooled' bank account may be transferred to ACGF as capital contribution and expensed.

b) Under Part 2.2, with allocation of SDR 3,260,000,

(A) The Association will advance up to US\$750,000 to a separate bank account designated by DEG and agreed to by the Recipient. This bank account will be segregated and will hold only the Association's funds advanced for the purposes of Part 2.2 and will be treated as a segregated designated account for the Association's disbursement purposes.

(B) DEG on a semi-annual basis will provide to the Recipient relevant documents supporting expenditures incurred, so that the Recipient can prepare and submit withdrawal applications to account for the advance made and have this bank account replenished accordingly.

(C) For reporting on the receipt and use of the Association funds under this sub-Part, the format and content of the Summary sheet and Statement of Expenditures to be used under Part 1 may be used for this sub-Part. A copy of bank statement of the bank account is strongly encouraged.

V. Other Important Information

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

If you have not already done so, the Association recommends that you register as a user of the Client Connection website (<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. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. 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 write to Askloans@worldbank.org, using the above reference.

sincerely,



Henry G. R. Kerali
Country Director for Afghanistan
South Asia Region

Attachments:

1. *Form of Authorized Signatory Letter*
2. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation for the IDA and ARTF Grant.*
3. *Form of Statement of Expenditures and Certificate from Monitoring Agent*

cc: Mr. Abdul Habib Zadrán, Deputy Minister of Finance, Ministry of Finance
Mr. Habib Daftani, Coordinator for the World Bank & ARTF, Ministry of Finance
Mr. Bahram Barzin, Managing Director, MISFA

Mr. Shahid Tarar, Executive Director for Afghanistan, the World Bank
Mr. Zia-Ur-Rahman Haleemi, Advisor to the Executive Director, the World Bank

Attachment 1**Form of Authorized Signatory Letter****[Letterhead]**Ministry of Finance
Kabul, Islamic Republic of Afghanistan**[DATE]**The World Bank
Country Office
Kabul, Afghanistan
Attention: [Country Director]

Dear [Country Director]:

**Re: IDA Financing H894-AF
(Additional Financing for the Financial Sector Rapid Response Project)**

I refer to the Financing Agreement ("Agreement") between the Islamic Republic of Afghanistan (the "Recipient") and the International Development Association (the "Association"), dated____, providing the above Financing. For the purposes of Section 2.03 of the General Conditions, as defined in the Agreement, any [lone] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Financing.

For the purpose of delivering Applications to the Association, 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 Association.

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

1 Instruction to the Recipient when sending this letter to the Association: 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.*

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 Association.*

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 Association.*

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 Association.*

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 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 /

[Position]

Attachment 2

**Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

March 1, 2013

The World Bank (Bank)' will provide secure identification credentials (SIDC) to permit the Borrower² to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of **SIDC** by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.
2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access **CC** using his/her account name and **CC** Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory.

1 "Bank" includes IBRD and IDA.

2 "Borrower" includes the borrower of an **IBRD** loan, **IDA** credit, or Project Preparation Facility advance and the recipient of a grant.

exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.

2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.

3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

4. *Security*

4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.

4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. *Reservation of Right to Disable SIDC*

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User's Account or both.

6. Care of Physical Tokens

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at <http://www.rsa.com>.

7. Replacement

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User's Account.

Attachment 3 – Form of Statement of Expenditures and Certificate from Third Party Monitoring Agent (already shared via the Omnibus Amendment to the Disbursement and Financial Information Letter dated February 18,2020)