Mr. Krishna Hari Baskota  
Secretary  
Ministry of Finance  
Government of Nepal  
Singha Durbar  
Kathmandu, Nepal

Dear Mr. Baskota:

Re: IDA Financing 5138-NP  
Nepal Bridges Improvement and Maintenance Program  
Additional Instructions: Disbursement

I refer to the Financing Agreement between the International Development Association (the "Association") and Nepal (the "Recipient") providing the above-referenced financing (the "Financing"), dated July 13, 2012 (the "Financing Agreement"). The Financing Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of the Financing. This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The capitalized terms used in this Disbursement Letter have the meanings ascribed to them in this Disbursement Letter or in the Financing Agreement (as the case may be).

I. Disbursement Arrangements

(i) Withdrawal Applications. Applications for withdrawal from the Financing Account ("Withdrawal Applications") of amounts of the Financing allocated to individual Disbursement-linked Results ("DLR") may, pursuant to the provisions of Section IV.A of Schedule 2 of the Financing Agreement, be sent to the Association at any time after the Association has notified the Recipient in writing that it has accepted evidence of achievement of the specific DLR.

(ii) Withdrawal Amount. The Withdrawal Application may be for an amount not to exceed the amount of the Financing confirmed by the Association for the specific DLR in respect of which the withdrawal is requested, as specified in the Association’s notice to the Recipient.

(iii) Advances and Recovery of Advances. The Recipient may, in accordance with provisions of the Financing Agreement, request advances of amounts of the Financing allocated to certain
DLRs that have not yet been achieved. The aggregate amount of all such advances made in respect of amounts allocated to DLRs may not exceed the equivalent of $15,000,000. The amount of the advance(s) and the specific DLR(s) to which it relates must be clearly indicated in the Withdrawal Application.

The Association records an amount of the advance as justified ("recovered") after it has notified the Recipient of its acceptance of the evidence of achievement of the DLR for which the advance was provided.

(iv) **Disbursement Deadline Date.** The period of disbursement of the Financing ends six months after the Closing Date ("Disbursement Deadline Date"). This is the final date established by the Association for receipt by the Association of Withdrawal Applications. Normally, to support orderly closure of the Financing Account, the Association does not accept Withdrawal Applications received after the Disbursement Deadline Date. The Recipient should promptly inform the Association of any expected implementation delays or exceptional administrative issues before these dates. The Association will notify the Recipient of any exception that the Association may make to the Disbursement Deadline Date.

(v) **Deposits of Financing Amounts.** All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

(vi) **Withdrawal Conditions.** Please refer to the Withdrawal Condition(s) in the Financing Agreement.

II. Withdrawal Applications

(i) **Authorized Signatories for Withdrawal Applications.** An authorized signatory letter in the Form attached (Attachment 1) 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 Withdrawal Applications:

The World Bank  
GPO Box 798  
Kathmandu, Nepal  
Attention: Ms. Ellen Goldstein, Country Director, Nepal

(ii) **Withdrawal Applications.** Please provide completed and signed Withdrawal Applications to the address indicated below:

The World Bank  
No. 11, Taramani Main Road  
Taramani, Chennai – 600 113  
India  
Attention: Ms. Samvita R. Arikatla, Senior Finance Officer
(iii) **Electronic Delivery.** The Association may permit the Recipient to electronically deliver to the Association Withdrawal Applications through the Association’s Client Connection, web-based portal. The option to deliver Withdrawal 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 Withdrawal Applications and to receive secure identification devices ("Tokens") from the Association for the purpose of delivering such Withdrawal 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 Tokens for the designated officials. Following which, the designated officials may deliver Withdrawal 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 Withdrawal Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Withdrawal Applications by the Recipient.

(iv) **Terms and Conditions of Use of Tokens to Process Withdrawal Applications.** By designating officials to accept Tokens and by choosing to deliver the Withdrawal 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment 2; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

### III. Other Important Information

For additional information on disbursement arrangements and electronic delivery of Withdrawal Applications, please visit our secure website “Client Connection” at https://clientconnection.worldbank.org.

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 Withdrawal 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 Withdrawal 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 contact Mr. Junxue Chu, Senior Finance Officer at jchu@worldbank.org or a member of the Loan Department team responsible for the Nepal portfolio at ctrln-chennai@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Ellen A. Goldstein
Country Director, Nepal
South Asia Region

Attachments

1. Form for Designating Authorized Signatories for Withdrawal Applications

Cleared with and cc: Farhad Ahmed (TTL)
Mei Wang (LEGES)

Cc with copies:
Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
[Street address]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Re: Financing No. 5138-NP ('Bridges Improvement and Maintenance Program)

I refer to the Financing Agreement (“Agreement”) between Nepal (the “Recipient”) and the International Bank for Reconstruction and Development and the International Development Association (the “World Bank” or the “Bank”) for the above-referenced Financing, dated [DATE], 2012, providing the above Credit. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [1] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Financing.


[This confirms that the Recipient is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the World Bank by 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting

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1 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.

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 Tokens 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.
Documentation ("Terms and Conditions of Use of Tokens"), the Recipient represents and warrants to the World Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by these 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]
Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Withdrawal Applications and Supporting Documentation

January 20, 2010

The World Bank (Bank) will provide secure identification devices (Tokens) to permit the Borrower to deliver Withdrawal Applications for withdrawal 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.

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 Tokens 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 delivery of Tokens. 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. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and
set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

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

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

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

   Security

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

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

4.3. The Token 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 Token User believes a third party has learned his/her PIN or has lost his/her 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 Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

**Care of Tokens**

4.6. 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, 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. 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 Token.

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

5. **Replacement**

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

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

6. **Reservation of Right to disable Token**

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

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