The Secretary to the Government of Pakistan  
Economic Affairs Division  
Ministry of Economic Affairs and Statistics  
Islamic Republic of Pakistan  
Islamabad, Pakistan

Excellency:

Re: IBRD Loan No. 7956-PK (Pakistan: Karachi Port Improvement Project)  
Additional Instructions: Disbursement

I refer to the Loan Agreement between the Islamic Republic of Pakistan (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) for the above-referenced project, dated January 24, 2011. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. 7956-PAK (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions and amends the one issued on January 24, 2011 (“Original Disbursement Letter”) by adding Advance as one of the Disbursement Methods and the use of Designated Account, as set out in paragraphs I (i) and II (vi) respectively below, provided, however, that all attachments\(^1\) to the Original Disbursement Letter shall form an integral part of this Disbursement Letter.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan 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 Loan:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

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

II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1).
An authorized signatory letter in the Form attached should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank Office in Islamabad
20 A, Shahrah-e-Jamhuriat
Rama 5, G5/
Islamabad, Islamic Republic of Pakistan

Attention: Country Director, Pakistan

(ii) Applications (subsections 3.2 - 3.3). 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 Office in Islamabad
20 A, Shahrah-e-Jamhuriat
Rama 5, G5/
Islamabad, Islamic Republic of Pakistan

Attention: Disbursement Management Unit
Anwar Ali Bhatti

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower 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 devices (“Tokens”) from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with Tokens 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 Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Borrower 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”); 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.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for reimbursement, direct payment and special commitment is 20% of advances to the Designated Account
(vi) Advances (sections 5 and 6).

- Type of Designated Account (subsection 5.3): Segregated. One segregated designated account will be established for the project.


- Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): National Bank of Pakistan.


III. Reporting on Use of Loan 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:

- For requests for Direct Payment: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices, etc.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): The period set out in the Loan Agreement for provision of Interim Financial Reports, i.e. quarterly.

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

IV. Other Disbursement Instructions

(i) In the case of the first request for withdrawal submitted to the Bank before any withdrawal has been made, i.e. request for initial advances to the designated account, the Borrower shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

(ii) Further advances from the designated account to other accounts of the Project are allowed, as long as such advances are accounted for within reasonable period of time or not to exceed 90 days.

V. Other Important Information


If you have not already done so, the Bank 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 Loan, and retrieve related policy, financial, and procurement information. All Borrower 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 Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Chau-Ching Shen, Senior Finance Officer, at loasar@worldbank.org, or Anwar Ali Bhatti at the Bank’s office in Islamabad, using the above reference.

Yours sincerely,

By/s Rachid Benmessaoud

Rachid Benmessaoud
Country Director, Pakistan

cc: Mr. Zafar Hasan Reza, Joint Secretary, Economic Affairs Division, Islamabad
Mr. M. Hanif Abdullah, General Manager (Planning and Development), Karachi Port Trust
Ms. Shama Ehsan Khan, General Manager (Finance), Karachi Port Trust