Dr. Waqar Masood Khan  
Secretary to the Government of Pakistan  
Economic Affairs Division  
Ministry of Economic Affairs and Statistics  
Islamabad, Pakistan  

Dear Dr. Khan:

Re: IBRD Loan No. 8154-PK  
IDA Financing No. 5099-PK  
(Pakistan: Natural Gas Efficiency 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 (“IBRD”, or the “Bank”) and the Financing Agreement between the Borrower and the International Development Association (“IDA”, or the “Association”) (the Bank and the Association, collectively, the “World Bank”) (the “Loan Agreement” and the “Financing Agreement”, respectively, and, collectively, the “Legal Agreements”) for the above-referenced project, dated June 5, 2012. The Legal Agreements provide that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. 8154-PK (the “Loan”) and Financing No. 5099-PK (the “Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

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 Loan and the Financing is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections of 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 and Financing:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Legal Agreements. Any changes to this date will be notified by the World Bank.
(iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Disbursement Condition(s) in the Legal Agreements.

**II. Withdrawal of Loan and Financing Proceeds**

(i) **Authorized Signatures (subsection 3.1).** An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the World 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  
20A, Shahrah-e-Jamhuriat  
Ramna 5, Sector G-5/1  
Islamabad, Pakistan

Attention: Rachid Benmessaoud  
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  
20A, Shahrah-e-Jamhuriat  
Ramna 5, Sector G-5/1  
Islamabad, Pakistan

Attention: Disbursement Management Unit  
Anwar Ali Bhatti

(iii) **Electronic Delivery (subsection 3.4)** The World Bank may permit the Borrower to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World 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 World 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 World Bank agrees, the World 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 World 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”) provided in Attachment 3; 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 twenty percent (20%) of advances to the designated accounts.

(vi) **Advances (sections 5 and 6).**

- **Type of Designated Accounts (subsection 5.3):** Segregated. Two (2) segregated designated accounts will be established for the Project for funds from the IBRD Loan and the IDA Financing respectively, and managed by the Sui Southern Gas Company Limited.

- **Currency of Designated Accounts (subsection 5.4):** USD.

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

- **Ceiling (subsection 6.1):** Forecast for two (2) quarters as provided in the quarterly Interim Financial Report.

III. **Reporting on Use of Loan and 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:**
  - Interim Financial Report in the form attached (Attachment 4)

- **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 Legal Agreements for provision of Interim Financial Reports, i.e. quarterly.

(iii) **Other Supporting Documentation Instructions:** A copy of bank statement of the designated account should be attached to withdrawal application for replenishment of designated account.

IV. **Other Disbursement Instructions:**

(i) In the case of the first request for withdrawal submitted to the World Bank before any withdrawal has been made, i.e. request for initial advances to the designated account, the Borrower shall submit to the World Bank only a statement with the projected sources and applications of funds for the Project for the six (6)-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 ninety (90) days.
V. Other Important Information


If you have not already done so, the World 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 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 World 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 World Bank’s office in Islamabad using the above reference.

Yours sincerely,

[Signature]

Rachid Bénessaoud
Country Director
Pakistan

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of Interim Financial Report

Cc: Azim Iqbal Siddiqui
Managing Director
Sui Southern Gas Company Limited
SSGC House
Sir Shah Suleman Road
B-14 Gulshan-e-Iqbal
Karachi 75300
Pakistan