Nargis Sethi
The Secretary to the Government of Pakistan
Economic Affairs Division
Ministry of Economic Affairs and Statistics
Islamabad, Pakistan

Dear Ms. Sethi:

Re: KP / FATA / Balochistan Multi-Donor Trust Fund Grant No. TF015895-PK
(Pakistan: Additional Financing for the Khyber Pakhtunkhwa Emergency Roads Recovery Project)

Additional Instructions: Disbursement

I refer to the KP / FATA / Balochistan Multi-Donor Trust Fund Grant Agreement ("Agreement") between the Islamic Republic of Pakistan (the "Recipient") and the International Bank for Reconstruction and Development / International Development Association (collectively, "World Bank"), acting as administrator of the KP / FATA / Balochistan Multi-Donor Trust Fund, for the above-referenced financing, dated 15 January 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF015895-PK ("Grant"). 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 Grant 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 Grant:

- 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 Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition in the Grant Agreement.
II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A 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 Recipient 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 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 World Bank 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 World Bank agrees, the World Bank 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 World Bank 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 SDIC 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, direct payment and special commitment is USD 500,000.
(vi) Advance (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated. One segregated designated account will be established for the Project and managed by the Pakhtunkhwa Highways Authority (Project Management Unit).

- **Currency of Designated Account (subsection 5.4):** US$.

- **Financial Institution at which the Designated Account 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 Grant 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

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):** The period set out in the Grant 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 the Application for Withdrawal for replenishment of designated account.

IV. Other Disbursement Instructions: 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 advance, the Recipient shall submit to the World Bank only a statement with the projected sources and applications of funds for the Project for the period following the date of such request.

V. Other Important Information


From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information.

If you have any queries in relation to the above, please contact Chau-Ching Shen, Senior Finance Officer, at loa-sar@worldbank.org, or Anwar Ali Bhatti at the Bank’s office in Islamabad, using the above reference.
Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form of Authorized Signatory Letter
4. Form of Interim Financial Report

Cc: Muhammad Aslam Khan
    Project Director
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