

OFFICIAL DOCUMENTS

LN-8620-PK

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 31, 2016

Mr. Tariq Bajwa
Secretary
Economic Affairs Division
Ministry of Economic Affairs and Statistics
Islamic Republic of Pakistan
Islamabad, Pakistan

Dear Mr. Bajwa:

**Re: IBRD Loan No. 8620-PK (Third Punjab Education Sector Project)
Additional Instructions: Disbursement**

I refer to the Loan Agreement between the Islamic Republic of Pakistan (the "Borrower") and the International Bank for Reconstructions and Development (the "Bank") for the above-referenced project, dated *August 31, 2016*. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of IBRD Loan No. 8620-PK ("Loan"). 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 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:

- (a) For Part 1 of the Project
 - Reimbursement
- (b) For Part 2 of the Project
 - 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 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 (Attachment 2) 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 in Islamabad
20 A, Shahrah-e-Jamhuriat
Ramna 5, Sector G-5/1
Islamabad, Islamic Republic of Pakistan

Attention: Patchamuthu Illangovan
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
Ramna 5, Sector G-5/1
Islamabad, Islamic Republic of Pakistan

Attention: Disbursement Management Unit
Anwar Ali Bhatti

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Recipient 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 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 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 Bank agrees, the 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 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 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 Secure Identification Credentials") 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 100,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** No designated account will be established for the Project. However, advance for Part 2 of the Project will be made in US\$ to the Punjab Provincial Consolidated Fund Account No. 1 (Non-food), which, for the Bank's disbursement purposes, will be treated by the Bank as a pooled designated account. Refer to paragraph IV below for further information.
- **Currency of Designated Account (subsection 5.4):** US Dollar.
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Not applicable.
- **Ceiling (subsection 6.1):** Forecast for two (2) quarters as provided in the semi-annual Interim Financial Report.

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**
 - Interim Financial Report in the form attached (Attachment 4)
- **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.

IV. Other Disbursement Instructions:

- (i) Disbursements in USD under Part 1 of the Project will be on reimbursement basis only and made annually to the Provincial Consolidated Fund – Account No. 1 (Non-Food) of the Government of Punjab. However, a one-time advance of \$39 million against 6-month forecast of Eligible Expenditure Program from Project signing date will be made upon Project effectiveness to the Provincial Consolidated Fund – Account No. 1 (Non-Food) of the Government of Punjab. This Provincial Consolidated Fund – Account No. 1 (Non-Food) of the Government of Punjab will be treated as a pooled designated account for the Bank's disbursement purpose.
- (ii) Disbursements under Part 2 of the Project will be on semi-annual basis to a Special Drawing Account (SDA) to be established for the Project and managed by the Program Monitoring and Implementation Unit (PMIU) of the Punjab School Education Department. The SDA is part of the Provincial Consolidated Fund – Account No. 1 (Non-Food) of the Government of Punjab. For the Bank's disbursement purposes, the SDA will be treated as a designated

account and the ceiling of advance will be the forecast of two (2) quarters as provided in the semi-annual Interim Financial Reports.

- (iii) For Part 1, the period of expenditures to be claimed for the first year of the Project will be from Project signing date to June 2017, while the period for subsequent claims will be for one fiscal year i.e., July 1 to June 30.

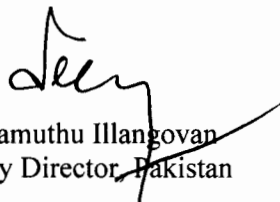
V. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank'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 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 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 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,



Patchamuthu Illangovan
Country Director, Pakistan

Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013
4. Form of Interim Financial Report

cc:

Secretary
School Education Department (SED), Government of Punjab
Civil Secretariat, Lahore, Pakistan
Tel: 042-99212012

Program Director
Program Monitoring and Implementation Unit (PMIU)
School Education Department, Government of Punjab
22-B, New Muslim Town, Near Ayubia Market
Lahore, Pakistan
Tel: 04299232294

Form of Authorized Signatory Letter

[Letterhead]
Economic Affairs Division
[Street address]
[City] [Country]

[DATE]

The World Bank
20 A, Shahrah-e-Jamhuriat
Ramna 5, Sector G-5/1
Islamabad, Islamic Republic of Pakistan

Attention: Mr. Patchamuthu Illangovan

Dear Mr. Illangovan:

Re: IBRD Loan No. 8620-PK (Third Punjab Education Sector Project)

I refer to the Loan Agreement (“Agreement”) between the Islamic Republic of Pakistan (“Borrower”) and the International Bank for Reconstruction and Development (the “Bank”), dated _____, providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any ¹[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal and applications for a special commitment under this Loan.

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

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: 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 Bank.*

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 Bank.*

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 Bank.*

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 Bank.*

the Bank by electronic means. In full recognition that the 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 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 Bank that it will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

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 Bank.*

**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)⁶ will provide secure identification credentials (SIDC) to permit the Borrower⁷ 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 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

⁶ "Bank" includes IBRD and IDA.

⁷ "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

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.

P154524: Third Punjab Education Sector Project
IBRD Loan No. 8620-PK
Interim Financial Reports for period ended mmm-dd-yyyy
STATEMENT OF SOURCES AND USES OF FUNDS

	Note	For the Period	Cumulative for the Year	Cumulative Since Inception
		Pak Rs.	Pak Rs.	Pak Rs.
Disbursement Category 1				
<i>Eligible Expenditure Program</i>				
Employee Related Expenses of				
Salaries		x	x	x
Training		x	x	x
		x	x	x
Reimbursement				
Reimbursement by IDA against DLIs		x	x	x
Disbursement Category 2				
<i>Goods, non-consulting services, consultants, training and IOC for component 2 activities</i>				
Sources of Funds				
Opening balance		x	x	x
Received from GoS		x	x	x
Received from IDA		x	x	x
Funds Available (A)		x	x	x
Uses of Funds				
Goods		x	x	x
Consultants' Services		x	x	x
Non-Consultant Services		x	x	x
Training		x	x	x
Incremental Operating Costs		x	x	x
Funds Used (B)		x	x	x
Closing Balance (C = A - B)		x	x	x

P154524: Third Punjab Education Sector Project
IBRD Loan No. 8620-PK
Interim Financial Reports for period ended mmm-dd-yyyy
STATEMENT OF SOURCES AND USES OF FUNDS

	Note	For the Period	Cumulative for the Year	Cumulative Since Inception
		Pak Rs.	Pak Rs.	Pak Rs.
Disbursement Category 1				
<i>Eligible Expenditure Program</i>				
Employee Related Expenses of				
Salaries		x	x	x
Training		x	x	x
		x	x	x
Reimbursement				
Reimbursement by IDA against DLIs		x	x	x
Disbursement Category 2				
<i>Goods, non-consulting services, consultants, training and IOC for component 2 activities</i>				
Sources of Funds				
Opening balance		x	x	x
Received from GoS		x	x	x
Received from IDA		x	x	x
Funds Available (A)		x	x	x
Uses of Funds				
Goods		x	x	x
Consultants' Services		x	x	x
Non-Consultant Services		x	x	x
Training		x	x	x
Incremental Operating Costs		x	x	x
Funds Used (B)		x	x	x
Closing Balance (C = A - B)		x	x	x

P154524: Third Punjab Education Sector Project
IBRD Loan No. 8620-PK
Interim Financial Reports for period ended mmm-dd-yyyy
STATEMENT OF VARIANCE ANALYSIS

Note	Budget/ Forecast for the period	Actual Expenditure	Variance	
			Amount	Percentage
	Pak Rs.	Pak Rs.	Pak Rs.	
Disbursement Category 1				
<i>Eligible Expenditure Program</i>				
Employee Related Expenses of				
Salaries	x	x	x	x %
Training	x	x	x	x %
	x	x	x	x %
Disbursement Category 2				
<i>Technical Assistance - Finance Department</i>				
Goods	x	x	x	x %
Consultants' Services	x	x	x	x %
Non-Consultant Services	x	x	x	x %
Training	x	x	x	x %
Incremental Operating Costs	x	x	x	x %
	x	x	x	x %
TOTAL	xx	xx	xx	x %

Note: Please provide reasons for variances of more than 15%.

P154524: Third Punjab Education Sector Project
IBRD Loan No. 8620-PK
Interim Financial Reports for period ended mmm-dd-yyyy
Designated Account (DA)/Special Drawing Account Activity Statement

	Note	Pak Rs.	Pak Rs.
PART I			
1. Cumulative Advances by IDA to the end of Current Period			x
2. Cumulative Expenditure at the beginning of Current Period			x
3. Outstanding Advances to be accounted for (Line 1 minus Line 2)			x
PART II			
4. DA balance at beginning of Period			x
5. Add/Subtract - Cumulative Adjustments (if any)		x	
6. Advances by IDA during the Period		x	
7. Sub total of Advances and Adjustments (Line 5 plus 6)			x
8. Outstanding Advances to be accounted for (Line 4 plus 7)			x
9. DA balance at end of Period			x
10. Add/Subtract - Cumulative Adjustments (if any)		x	
11. Expenditure for Current Disbursement Period - Disbursement Category 2		x	
12. Sub total of Adjustments and Expenditure (Line 10 plus 11)		x	
13. Add Line 9 and Line 12			x
14. Difference if any (Line 8 minus Line 13)			x
PART III			
15. Total Forecasted amount to be paid by IDA			x
16. Less - Closing DA balance after adjustments		x	
17. Imprest Petty Cash		x	
18. Forecasted Direct / Special Commitment payments		x	
19. Sub total (Line 16 plus 17 plus 18)			x
20. Cash Requirement from IDA for next 6 months (Line 15 minus 19)			x

P154524: Third Punjab Education Sector Project

Implementation Entity: _____

**Designated Account/Special Drawa Account Expenditures for Contracts NOT Subject to Prior Review
For the Period Ended _____**

Description of Expenditures (1)	Total Expenditures (2)	% Financed by IBRD (3)	Eligible for IBRD's Financing (4) = (2)*(3)	IBRD Share Amount Paid from DA (5)	Government/Other Share (6)
	Total:				
	Total:				
	Total:				
	Total:				
	Grand Total:				

P154524: Third Punjab Education Sector Project

Implementation Entity: _____

Designated Account/Special Drawa Account Expenditures for Contracts Subject to Prior Review

For the Period Ended _____

Description (1)	Name and Address of Contract/Supplier/ Consultants. Contract No. and Signing Date (2)	Contract Currency and Value (3)	Invoiced Amount by Currency (4)	% Financed by IBRD (5)	Eligible for IBRD's Financing in Currency of Contract (6) = Col. 4)*Col.5)	IBRD Share Amount Paid from DA (7)	Invoice Number, Date, Contract Balance Carried Forward (8)	Government/Other Share (9)
Total:								
Total:								
Total:								
Total:								
Grand Total:								