

OFFICIAL DOCUMENTS

The World Bank
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Rajashree S. Paralkar
Acting Country Director for Bangladesh, Bhutan and Nepal

January 02, 2018

Secretary Kazi Shofiqul Azam
Economic Relations Division
Ministry of Finance
Block 8, Room 3
Sher-e-Bangla Nagar
Dhaka

Dear Secretary Azam:

Re: Bangladesh: Advance Agreement for Preparation of Proposed Municipal Water Supply and Sanitation Project – IDA V093-BD
Additional Instructions: Disbursement Letter

I refer to the Advance Agreement between People’s Republic of Bangladesh (“Recipient”) and the International Development Association (“World Bank”) for the above-referenced project, dated June 4, 2017. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Project Preparation Advance No. IDA V093-BD (“Advance”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter replaces the Disbursement letter dated June 4, 2017. ~~Designated Account Advance~~ has been included as a disbursement method in this restated Disbursement letter. The ceiling of the Designated Account and supporting documentation for reporting Designated Account expenditures have also been included in this restated Disbursement Letter. Minimum application size for applications has been revised in view of the provision of Designated Account as a disbursement method.

The attached *Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“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 Advance 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 Advance:

- Advance
- Reimbursement
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Refinancing Date specified in the Advance Agreement. Any changes to this date will be notified by the World Bank.

(i) Authorized Signatures (subsection 3.1).

Authorized signatory letters in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated in the next page providing the name(s) and specimen signature(s) of the official(s) authorized to sign Application

The World Bank
Plot E32, Agargaon
Sher-e Bangla Nagar
G.P.O. Box 97
Dhaka 1207, Bangladesh
Attention: Country Director

(ii) Applications (subsection 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank
No. 11, Taramani Main Road
Taramani, Chennai – 600 113
India. Attention: Team Lead, WFLA

(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 (subsection 3.2). 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 for reimbursement and direct payment applications is equivalent of US\$ 100,000.

(vi) Advance (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated account to be operated by Department of Public Health Engineering (DPHE)

- ***Currency of Designated Account (subsection 5.4):*** BDT
- ***Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):*** Commercial banks acceptable to the Association.
- ***Ceiling (subsection 6.1):*** BDT 30,000,000

III. Reporting on Use of Advance Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- ***For reporting eligible expenditures paid from the Designated Account and Reimbursement:***
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the Association's prior review in the form attached (Attachment 4);
 - Statement of Expenditures (SOE) in the form attached (Attachment 5) for all other expenditures / contracts
 - A reconciliation of the Designated Account, in the form attached (Attachment 6), with a copy of the bank statement for application of advance and reporting eligible expenditures paid from the Designated Account
- ***For requests for Direct Payment:*** Records evidencing eligible expenditures, e.g., invoice

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Monthly.

IV. Other Disbursement Instructions

- (i) All payments for expenditures claimed under this Financing must be made using the banking system, except expenditures paid using the petty cash system following the Recipient's existing policy. The petty cash limit as per the Recipient's existing policy is BDT 100,000.

V. Other Important Information


For additional information on disbursement arrangements, please refer to the Loan Handbook for World Bank Borrowers available on the World 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 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 Applications, monitor the near real-time status of the Advance, 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 Mr. Satish Kumar Shivakumar, Finance Officer at satishkumar1@worldbank.org or Srivathsan Sridharan, Finance Analyst at ssridharan@worldbank.org.

Yours sincerely,



Rajashree Paralkar

Attachments

1. *Disbursement Guidelines for Investment Project Financing dated February 2017*
2. *Form for Authorized Signatory Letter*
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 Payments against Contracts Subject to the Association's Prior Review*
5. *Form of Statement of Expenditures*