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PATCHAMUTHU ILLANGOVA
Country Director, Pakistan
South Asia Region

OFFICIAL DOCUMENTS

Date: 29 May 2018

Syed Ghazanfar Abbas Jilani
Secretary
Economic Affairs Division
Ministry of Finance, Revenue and Economic Affairs
Islamic Republic of Pakistan
Islamabad, Pakistan

Re: IDA Financing No. 6243-PK (Punjab Cities Program)
Additional Instructions: Disbursement and Financial Information Letter (DFIL)

Excellency:

I refer to the Financing Agreement between Islamic Republic of Pakistan (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced project. The General Conditions, as defined in the Financing Agreement, provide that the Recipient may request withdrawals of Financing funds in accordance with the instructions as the Association may specify by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter (“DFIL”) may set out Project specific financial reporting requirements. This letter constitutes such DFIL, and as revised from time to time, provides such additional requirements.

The *Disbursement Guidelines for Investment Project Financing* dated February 2017, (the “Disbursement Guidelines”) are available in the Association’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>. The Disbursement Guidelines are an integral part of this Disbursement and Financial Reporting Letter, and the manner in which the provisions in the guidelines apply to the Financing is specified below.

I. Disbursement Arrangements, Withdrawal of Financing Funds and Reporting of Uses of Financing Funds.

(i) Disbursement Arrangements:

- **General Provisions** (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient, conditions, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications), instructions on supporting documentation, and frequency of reporting.
- **Special Provisions for the PforR Window.**
 - Applications for withdrawal (“Withdrawal Applications”) of amounts of the Credit allocated to individual Disbursement Linked Results (“DLR”), as stated in Section IV.A.1. of Schedule 2 to the Financing Agreement, may, pursuant to the provisions of Schedule 3 of the Financing Agreement, be sent to the Association at any time after the Association has notified the Recipient in writing that it has accepted evidence of achievement of the specific DLR.

- The Withdrawal Application may be for an amount not to exceed the amount of the Credit confirmed by the Association for the specific DLR in respect of which the withdrawal is requested, as specified in the Association's notice to the Recipient.

(ii) Electronic Delivery. Section 10.01 (c) of the General Conditions:

The Association may permit the Recipient to electronically deliver applications (with supporting documents) through the Association's web-based portal (<https://clientconnection.worldbank.org>) "Client Connection". This option may be effected if: (a) the Recipient has designated in writing, its officials who are authorized to sign and deliver Applications and to receive Secure Identification Credentials ("SIDC") from the Association 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". The designated officials may deliver Applications electronically by completing the Form 2380, which is accessible through "Client Connection". The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient. 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, available in the Association's public website at <https://worldbank.org> and "Client Connection"; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits.

(i) PforR Financing Window

- **Financial Reports.** The Interim unaudited Financial Reports (IFR) are not required for the PforR Window.
- **Audits.** Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

(ii) IP Financing Window

- **Financial Reports.** The Recipient through Punjab Municipal Development Fund Company (PMDFC) shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, Interim unaudited Financial Reports (IFR) for the IPF Window covering the corresponding semester.
- **Audits.** Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

III. Other Important Information

(i) Client Connection. For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association's public website and "Client Connection". The Association

recommends that you register as a user of “Client Connection”. 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. For more information about the website and registration arrangements, please contact the Association by email at clientconnection@worldbank.org.

(ii) **Other.** If you have any queries in relation to the above, please contact us AskLoans@worldbank.org using the following name and number as reference: Punjab Cities Program 6243-PK.

Yours sincerely,



Patchamuthu Illangovan
Country Director, Pakistan
South Asia Region

Attachments

1. Form of *Authorized Signatory Letter*
2. *Interim unaudited Financial Report (IFR)* for the IPF Window – Provided in the following two separate Excel files:
 - a. IUFRs for Finance Department.xlsx
 - b. IUFRs for PMDFC.xlsx

Note to the IFRs: Although both formats incorporate information on advances (such as sources of funds and cash forecast, these sections do not apply to the Punjab Cities Program as the method “**Advance**” is **not** currently available). These sections will apply as soon as this method is available.

Schedule 1 to DFIL
Disbursement Arrangements

Credit Number	6243-PK	Country	Islamic Republic of Pakistan	Closing Date	Section IV.B.2. of Schedule 2 to the Financing Agreement.
		Recipient/Beneficiary	Islamic Republic of Pakistan		
		Name of the Project	Punjab Cities Program	Disbursement Deadline Date Subsection 3.7 **	Six (6) months after the closing date for the PforR and IPF windows.
Disbursement Methods Section 2 (**)		Methods	Supporting Documentation Subsections 4.3 and 4.4 (**)		
Direct Payment		Yes	Copy of records		
Reimbursement		Yes	Interim unaudited Financial Report (IUFR) in the format provided in two separate files (in Excel format) as Attachment 2 of the DFIL		
Advance		No	Currently this disbursement method advance (through a <i>Designated Account</i>) is not available		
Special Commitments		Yes	Copy of Letter of Credit		
Type		N/A	Ceiling	N/A	
Financial Institution - Name		N/A	Currency	N/A	
Frequency of Reporting Subsection 6.3 (**)		N/A	Amount	N/A	
The minimum value of applications for Reimbursement, Direct Payment, and Special Commitment is not applicable.					
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 at WFACS through Mr. Anwar Ali Bhatti (SACPK)		
PforR Window - Prior Results. The Program does not require prior results' financing. Early results are anticipated, and if achieved, will be reimbursed upon effectiveness.					

**** The control of these ceilings per window will be under the responsibility of the Recipient. The Association will monitor the "combined" ceiling only.**

**** Sections and subsections relate to the "Disbursement Guidelines for Investment Project Financing", dated February 2017.**

Attachment 1 – Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Mr. Patchamuthu Illangovan, *Country Director*

Re: Financing No. 6243-PK (Punjab Cities Program)

I refer to the Financing Agreement (“Agreement”) between the International Development Association (the “Association”) and [name of Recipient] (the “Recipient”), dated _____, providing the above Financing. For the purposes of Section 2.02 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 Financing.

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

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 the Association by electronic means. In full recognition that the Association shall rely upon such

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 Association.*

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 Association.*

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 Association.*

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 Association.*

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 Association.*

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 Association that it will cause such persons to abide by those terms and conditions.]

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

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

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Victor Ordonez, WFACS

Cleared with and cc: Juan Carlos Alvarez, LEGES
Shahnaz Arshad, GSU12

Cc: Qurat ul Ain Hadi, GGDAP