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SHUBHAM CHAUDHURI
Country Director, Afghanistan
South Asia Region

Date: 10 April, 2018

H.E. Eklil Ahmad Hakimi
Minister of Finance
Ministry of Finance
Kabul, Islamic Republic of Afghanistan

**Re: Islamic Republic of Afghanistan
IDA Financing D2820-AF (Digital Central Asia South Asia Project)
Additional Instructions: Disbursement Letter**

Excellency:

I refer to the Financing Agreement (the “Agreement”) between the International Development Association (the “Association”) and the Islamic Republic of Afghanistan (the “Recipient”) for the above-referenced project, dated April 10, 2017. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing **D2820-AF** (the “Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“Disbursement Guidelines”) (available on the Association’s public website at <https://www.worldbank.org>), are an integral part of the Disbursement Letter. 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 Financing: Reimbursement, Advance, and Direct Payment.

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in section IV.B.2. of Schedule 2 to the IDA Financing Agreement. Any changes to these dates will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Conditions in section IV.B.1. of Schedule 2 to the Financing Agreement.

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). Applications for this Financing will be signed by the official(s) authorized to sign Applications as indicated in your letter dated August 20, 2017. Whenever changes are necessary, a letter in the Form attached (Attachment 1) should be furnished



to the Association at the address indicated in the paragraph “(ii)” below, providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications.

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents to the address indicated below:

The World Bank
Country Office
Kabul, Afghanistan
Attention: **Loan Operations**

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association 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 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. If the Association agrees, the Association 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 Association 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”) in Attachment 2; 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 and Direct Payment is United States Dollar (USD) 500,000 equivalent.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** A segregated Designated Account will be established and managed by the Special Disbursement Unit in the Treasury Department of the Ministry of Finance for the proceeds of the IDA Financing.
- **Currency of Designated Accounts (subsection 5.4):** USD



- **Financial Institution at which the Designated Accounts will be opened (subsection 5.5):** Da Afghanistan Bank
- **Ceilings (subsection 6.1):** Forecast for two (2) quarters as provided in the quarterly Interim unaudited Financial Report (IFR).

III. Reporting on Use of 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.** Interim Unaudited Financial Report in the form attached (Attachment 3)
- **For reporting eligible expenditures paid from the Designated Account:**
 - Interim Unaudited Financial Report in the form attached (Attachment 3), and
 - Copies of the bank statements of the Designated Accounts and reconciliation statements (embedded in the IFR).
- **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of invoices, individual consultant fee statement, consultant firm fee statements, copy of bank guarantee (where required under the contract) and for goods purchases, invoices and upon request, documents evidencing receipt of goods.

(ii) Frequency of Reporting Eligible Expenditures paid from the Designated Accounts (subsection 6.3): Quarterly (same frequency of the IFR).

IV. Financial Reports and Audits

(i) Financial Reports. The Borrower must prepare and furnish to the World Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFR”) for the Project covering the financial information of the corresponding quarter.

(ii) Audits. Each audit of the Financial Statements must cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period must be furnished to the World Bank not later than six (6) months after the end of such period.

V. Other Important Information

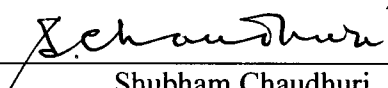
For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Association’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>. Print copies are available upon request.



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 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 Association by email at [<clientconnection@worldbank.org>](mailto:clientconnection@worldbank.org).

If you have any queries in relation to the above, please contact Victor Ordonez, Senior Finance Officer, WFACS at vconde@worldbank.org or Janardhanan Ramanujam, Senior Finance Assistant, WFACS at jramanujam@worldbank.org using the above reference.

Yours sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION



Shubham Chaudhuri
Country Director
Afghanistan
South Asia Region

Attachments

1. Form for Authorized Signatures
2. 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
3. Form of Interim Unaudited Financial Reports (IFR)

Form of Authorized Signatory Letter

[Letterhead]

Ministry of Finance
Kabul, Islamic Republic of Afghanistan

[DATE]

The World Bank
Country Office
Kabul, Afghanistan

Attention: [Country Director]

**Re: Islamic Republic of Afghanistan
IDA Financing D2820-AF
(Digital Central Asia South Asia (CASA) Project)**

Dear [Country Director]:

I refer to the Financing Agreement between the International Development Association (the “Association”) and the Islamic Republic of Afghanistan (the “Recipient”), dated _____ providing the above financing. For the purposes of Section 3.04 (b) of the Standard Conditions and 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 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

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.*

electronic means. In full recognition that the Association 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 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]

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.*

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 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

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.

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.

Interim Unaudited Financial Report

Digital CASA Project - P158768 IDA Grant # STATEMENT OF RECEIPTS AND PAYMENTS & FORECAST For the period ended xxxxxx			
Description	USD		
	Reporting Period	Year - To Date	Cumulative to Date
DA Opening Cash Balances			
Add: Sources of Funds			
Advances Received from the World Bank			
Direct Payment			
Reimbursement			
Refunds			
Total (a)	-	-	-
Uses of Funds			
Category description as per Financing/Grant Agreement			
Category 1			
(a) International bandwidth and Incremental Operating Costs for Part 1(a)(i) of the Project			
(b) Capital Subsidies under Part 1(a)(ii) of the Project			
Category 2			
Goods, works, non-consulting services, consulting services, Training and Incremental Operating Costs for the			
Total Disbursements (b)	-	-	-
Petty Cash (if any) (c)			-
Closing Cash Balance (d) = (a-(b+c))	-	-	-
Forecast for the six months ending xxxxxx			-
Less: Closing Cash Balance (from (d) above)			-
Amount requested as advance in the application			-

Should reconcile with Client Connection total receipts.

Should agree with total amount disbursed per component in page (2)

Please reconcile separately with DA Advance balance per client connection

Digital CASA Project - P158768 IDA Grant # USES OF FUNDS BY PROJECT ACTIVITIES For the period ended xxxx									
Project Components and Activities	ACTUAL		PLANNED		VARIANCE		PAD		Revised Life of Project
	Current Period	Cumulative to date	Current Period	Cumulative to date	Current Period	Cumulative to date	Life of project	Life of project	
Component 1: Regional and Domestic Connectivity									
Component 2: e-Government									
Component 3: Enabling Environment (Policy and Regulatory Frameworks)									
Component 4: Project Management and Institutional Strengthening									
TOTAL PROJECT EXPENDITURES	-	-	0	0	0	0	0	0	0
* This column reflects a re-costing of the project done in xxxxx									
** Variances over 15% to be explained		Not over 15%							

** Explanation of variances over 15% to be documented here.

Digital CASA Project - P158768 IDA Grant # Designated Account Activity Statement for the period ended xxxxx			
PART I		USD	USD
1. Cumulative advances to end of last reporting period as per client connection			
2. Cumulative expenditures to end of last reporting period as per client connection		-	
3. Outstanding Advance to be accounted as per client connection		-	
PART II			
Opening DA balance at beginning of reporting period (as of)			
Add: Advances from World Bank during reporting period			
Total funds available during the quarter (A)			
Expenditure incurred and paid under Categories as per the Financing/ Grant Agreement		-	
Outstanding advances to be accounted for (Operational/Petty cash advances from MoF) (Please refer note below)*		-	
Total Expenditure and project's advances (B)			
Closing balance (A-B)			
Closing balance as per attached bank statement and book of accounts			
Difference (Should be nil, if not explanation to be provided)**			

**Note: Outstanding Advances provided under the project to be documented only after it has been acquitted*

***Explanation for the difference, if any in the closing balance*

FOR INTERNAL DISTRIBUTION ONLY

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