



PATCHAMUTHU ILLANGOVA  
Country Director, Pakistan  
South Asia Region

Date: June 14, 2018

Mr. 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. 6207-PK (Housing Finance Project)  
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 Provision** (Advances). Currently the method “Advance” is not available for the country. If during implementation it becomes available, this letter will be updated to incorporate special provisions for advances through Designated Accounts.

**(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) Financial Reports.* The Recipient 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 Project covering the semester.

*(ii) 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](mailto:clientconnection@worldbank.org).

*(ii) Other.* If you have any queries in relation to the above, please contact Victor Ordonez, Senior Finance Officer at [vconde@worldbank.org](mailto:vconde@worldbank.org), with copy to Daisy Zita, Finance Analyst at [dzita@worldbank.org](mailto:dzita@worldbank.org) using the above reference.

Yours sincerely,



Patchamuthu Illangovan  
Country Director, Pakistan  
South Asia Region

### Attachments

1. Form of Authorized Signatory Letter
2. Interim unaudited Financial Report (IFR)

## Disbursement Arrangements

Basic Information					
Credit Number	_____ -PK	Country	Islamic Republic of Pakistan	Closing Date	Section III.B.2. of Schedule 2 to the Financing Agreement.
		Recipient/Beneficiary	Islamic Republic of Pakistan		
		Name of the Project	Housing Finance Project	Disbursement Deadline Date	Four months after the closing date.
Subsection 3.7 **					
Disbursement Methods and Supporting Documentation					
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 (IFR) in the format provided in Attachment 2 of the DFIL			
Designated Account	No	<p>Currently not available, therefore PMRC will establish a Project Account (PA-A) for <u>Part 1</u> of the Project <i>Subordinated Loan</i>, and <u>Part 2(b)</u> of the Project <i>Risk Sharing Facility</i>.</p> <p>After advances become available, this DFIL will be amended to allow the processing through Interim unaudited Financial Reports (IFR) in the format provided in Attachment 2 as follows:</p> <ul style="list-style-type: none"> <li>• The implementing agencies will maintain foreign currency designated accounts (DAs) at the National Bank of Pakistan, following the Foreign Currency Assignment account procedures issued by the MOF,</li> <li>• Project Account A (PA-A) may be converted into DA-A,</li> <li>• PMRC will establish a Designated Account (DA-B) for Part 2(a) of the Project <i>Line of Credit</i>,</li> <li>• The Planning Commission will establish a Designated Account (DA-C) for Part 3 of the Project <i>Capacity Building</i>.</li> </ul>			
Special Commitments	Yes	Copy of Letter of Credit			
Designated Account (Sections 5 and 6)					
The method "Advance" currently is not available.					
Minimum Value of Applications (subsection 4.5)					
The minimum value of applications for Reimbursement, Direct Payment, and Special Commitment is USD 500,000 equivalent.					
Administrative Signatories (Subsection 4.6)					
Administrative and Documentation Applications (Subsection 4.7)					
The World Bank/Association 20-A, Shahrah-e-Jamhuriate Ramna, G-5/1, Islamabad Islamic Republic of Pakistan		Attention: Loan Operations Unit (WFACS) Pakistan through Mr. Anwar Ali Bhatti at SACPK.			

\*\* 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. \_\_\_\_\_ (Housing Finance Project)

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 <sup>1</sup>[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, <sup>2</sup>[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting <sup>3</sup>[individually] <sup>4</sup>[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

<sup>5</sup>[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

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<sup>1</sup> 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.*

<sup>2</sup> 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.*

<sup>3</sup> 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.*

<sup>4</sup> 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.*

<sup>5</sup> 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]

**Attachment 2 - Interim unaudited Financial Statements (IFR)  
Section A – IFR for Pakistan Mortgage Refinancing Company/ PMRC**

IDA Credit No. <i>Pakistan Housing Finance Project</i> Interim Financial Report for the Semester ended mm/dd/yyyy STATEMENT OF SOURCES AND USES OF FUNDS				
Particulars	For the Semester ended mm/dd/yyyy	Cumulative - Inception to Date	For the Semester ended mm/dd/yyyy	Cumulative - Inception to Date
	Pak Rs.		US\$	
<b>OPENING BALANCE (As per Break Up given Below)</b>				
<b>SOURCES OF FUNDS</b>				
Designated Account Receipts - IDA				
Reimbursements - IDA				
Direct Payments - IDA				
<b>Total Receipts</b>	-	-	-	-
<b>USES OF FUNDS:</b>				
<i>Supporting PMRC to Strengthen its Capital Base (US\$60 million) Invested in:</i>				
<i>Total Component 1</i>				
<i>Supporting the Expansion of Mortgage Loans (US\$80 million)</i>				
Line of Credit				
Risk Sharing Facility				
<i>Total Component 2</i>				
<i>Total IBRD Usage of Funds by SBP</i>				
<b>Total Expenditure</b>				
<b>CLOSING BALANCE (As per Break up given below)</b>				

Breakup of Opening and Closing Cash Balance	Opening Balance	Closing Balance	Opening Balance	Closing Balance
	Pak Rupees		US\$	
Designated Account Balance				
Advances with PFI				
<b>Total</b>				

IDA Credit No.								
Pakistan Housing Finance Project								
Interim Financial Report for the Semester ended mm/dd/yyyy								
VARIANCE ANALYSIS OF USE OF FUNDS								
Component Details	Semester (mm/dd/yyyy)				Cumulative - Inception to Date (Pak Rs)			
	Planned Rs	Actual Rs	Variance		Planned Rs	Actual Rs	Variance	
			Amount Rs	%age			Amount Rs	%age
<b>Component 1</b>								
TIER 2 Capital								
<b>Sub Total - Component 1</b>								
<b>Component 2</b>								
LoC								
RSF								
<b>Sub Total - Component 2</b>								
<b>Grand Total</b>								

Provide Reasons for all Variances beyond 15%

IDA Credit No.  
Pakistan Housing Finance Project  
Interim Financial Report for the Semester ended mm/dd/yyyy  
**CASH FORECAST FOR SEMESTER ENDING mm/dd/yyyy**

Particulars	Cash Requirements		Cash Requirements for Next Six Months	
	Quarter ended mm/dd/yyyy	Quarter ended mm/dd/yyyy	Pak Rs.	USD
	Pak Rs.	Pak Rs.	Pak Rs.	USD
<b>Component 1</b>				
<b>Sub Total - Component 1</b>				
<b>Component 2</b>				
Risk Sharing facility				
Line of Credit				
<b>Sub Total - Component 2</b>	-	-	-	-
<b>TOTAL</b>	-	-	-	-



**Section B – IFR for Pakistan Planning Commission**

IDA Credit No. <i>P162095 - Pakistan Housing Finance Project - Planning Commission Component</i> Interim Financial Report for the Semester ended mm/dd/yyyy <b>STATEMENT OF SOURCES AND USES OF FUNDS</b>					
Particulars	For the Semester ended mm/dd/yyyy	Cumulative - Inception to Date		For the Semester ended mm/dd/yyyy	Cumulative - Inception to Date
	Pak Rs.			US\$	
<b>OPENING BALANCE (As per Break Up given Below)</b>					
<b>SOURCES OF FUNDS</b>					
Designated Account Receipts - IDA					
Reimbursements - IDA					
Direct Payments - IDA					
<b>Total Receipts</b>	-	-		-	-
<b>USES OF FUNDS:</b>					
<b>Disbursement Category 4</b>					
<i>IDA Usage of Funds</i>					
<i>Component 3: Capacity Building for Housing Policy and Analytics (US\$5</i>					
Goods (Hardware and Software)					
Non-Consulting Services					
Consultants' Services (Individuals and Firms)					
Trainings and Workshops					
Incremental operating cost					
<i>Total Component 2</i>					
<b>Total Disbursement Category 3</b>					
<b>CLOSING BALANCE (As per Break up given below)</b>					

Breakup of Opening and Closing Cash Balance	Opening Balance	Closing Balance
	Pak Rupees	
Designated Account Balance - IDA		
Cash in Hand (if any) - IDA		
Advances with Implementing Partners (if any) - IDA		
<b>Total</b>		

Opening Balance	Closing Balance
US\$	

IDA Credit No.								
P162095 - Pakistan Housing Finance Project - Planning Commission Component								
Interim Financial Report for the Semester ended mm/dd/yyyy								
VARIANCE ANALYSIS OF USE OF FUNDS								
Component Details	Semester (mm/dd/yyyy)				Cumulative - Inception to Date (Pak Rs)			
	Planned Rs	Actual Rs	Variance		Planned Rs	Actual Rs	Variance	
			Amount Rs	%age			Amount Rs	%age
<b>Component 3</b>								
Goods (Hardware and Softwarw)								
Non-Consulting Services								
Consultants' Services (Individuals and Firms)								
Trainings and Workshops								
<b>Sub Total - Component 3</b>								
<b>Grand Total</b>								

Provide Resons for all Variances beyond 15%

IDA Credit No.  
P162095 - Pakistan Housing Finance Project - Planning Commission Component  
Interim Financial Report for the Semester ended mm/dd/yyyy  
**CASH FORECAST FOR SEMESTER ENDING mm/dd/yyyy**

Particulars	Cash Requirements		Cash Requirements for Next Six Months	
	Quarter ended mm/dd/yyyy	Quarter ended mm/dd/yyyy	Pak Rs.	USD
	Pak Rs.	Pak Rs.	Pak Rs.	USD
<b>Component 3</b>				
Goods (Hardware and Software)				
Non-Consulting Services				
Consultants' Services (Individuals and Firms)				
Trainings and Workshops				
Incremental Operating cost				
<b>Sub Total - Component 2</b>	-	-	-	-
<b>TOTAL</b>	-	-	-	-

IDA Credit No.  
P162095 - Pakistan Housing Finance Project - Planning Commission Component  
Interim Financial Report for the Semester ended mm/dd/yyyy  
DESIGNATED ACCOUNT ACTIVITY STATEMENT - IDA

	I Note	II US\$	III US\$
<b>PART I</b>			
1. Advances to the end of current semester			
2. Expenditure to the end of last semester			
3. Outstanding Advances to be accounted for (Line 1 minus Line 2)			
<b>PART II</b>			
4. DA balance at beginning of semester			
5. Subtract: Cumulative Adjustments (if any)			
6. Advances from IDA during the semester			
7. Sub total of Advances and Adjustments (5+6)			
8. Outstanding Advances to be accounted for (Line 4 plus Line 7)			
9. DA balance at end of semester			
10. Subtract: Cumulative Adjustments (if any)			
11. Expenditure for current reporting Semester			
a) Disbursement Category 3			
12. Sub total of Adjustments and Expenditure (10+11)			
13. Advances accounted for (Add Line 9 and Line 12)			
14. Difference if any (Line 8 minus Line 13)			
<b>PART III</b>			
15. Total forecasted amount to be paid by IDA			
16. Less: Closing DA balance			
17. Forecasted Direct Payments			
18. Sub total of closing DA balance and forecasted payments (Line 16 plus Line 17)			
19. Cash requirement from IDA for the next reporting period (Line 15 minus Line 18)			

**Note 1: Cumulative Adjustments (if any) - Line 5**

20. Petty Cash with the Planning Commission at mm-dd-yyyy

21. Advances with partnering institution as at mm-dd-yyyy

22. Total petty cash balance and Advance at the start of the semester

**Note 2: Cumulative Adjustments (if any) - Line 10**

23. Petty Cash with the Planning Commission at mm-dd-yyyy

24. Advances with the implementing partner as at mm-dd-yyyy

25. Total petty cash balance and Advance at the end of the semester

Note: Bank reconciliation statement and copy of the bank statement for the period should be attached



IDA Credit No.  
*PI62095 - Pakistan Housing Finance Project - Planning Commission Component*  
 Interim Financial Report for the semester ended mm/dd/yyyy  
 Designated Account Expenditures for Contracts NOT Subject to Prior Review

Disbursement Category	Component	Description	Total Expenditure	% age Financed by IDA	Eligible for IDA Financing	STEP Check	IDA Share paid from Designated Account during the semester	
			Rupees		Rupees		Rupees	US Dollar

	PKR	US\$
Total Prior Review expenditure		
Total Post Review expenditure		
<i>Designated Account Expenditures</i>	<hr/>	<hr/>
<i>Direct Payment</i>	<hr/>	<hr/>
<b>Total</b>	<hr/>	<hr/>