June 2, 2020

Mr. Sishir Kumar Dhungana
Secretary
Ministry of Finance
Government of Nepal
Singha Durbar, Kathmandu.

Dear Mr. Dhungana:

IDA Credit 6530-NP
Second Additional Financing for the Earthquake Housing Reconstruction Project
Additional Instructions: Disbursement and Financial Information Letter.

I refer to the Financing Agreement between Nepal (“Recipient”) and the International Development Association (the “Association”) for the above-referenced project, dated February 6, 2020. The General Conditions, as defined in the Financing Agreement, provide that the Association may issue additional instructions regarding the withdrawal of the proceeds of IDA Financing 6530-NP (“Financing”), and specify certain financial management reporting and audit requirements. This letter (“Disbursement and Financial Information Letter” or “DFIL”), as revised from time to time, constitutes such additional instructions.

This is the restatement of the DFIL dated February 6, 2020. This restatement includes additional instructions relating to Category 4.


I. Disbursement Arrangements, Withdrawal and Reporting of Financing Proceeds.

(i) Disbursement Arrangements:

- **General Provisions** (Schedule I). The table in Schedule I sets out the disbursement methods which may be used by the Recipient, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications), instructions on supporting documentation.

- **Special Provision.** Projects in situations of urgent need of assistance or capacity constraints: Disbursements under contracts for goods, works, non-consulting services and consulting services procured or selected through international open or limited competition or Direct Selection, as set out in the procurement plan, must be made only through Direct Payment and/or Special Commitment disbursement methods.
(ii) **Electronic Delivery.** Refer to section 11.01 (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](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](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 Fiscal Quadrimester, interim unaudited financial reports (IUFR) for the Project covering the Fiscal Quadrimester.

(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 nine (9) months after the end of such period.

III. **Other Important Information**

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association’s website ([http://www.worldbank.org/](http://www.worldbank.org/)) 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 Credit, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the Association by email at askloans@worldbank.org using the above reference.

Sincerely,

[Signature]

Faris H. Hadad-Zervos
Country Manager, Nepal

**Attachments**

1. Form of Authorized Signatory Letter
2. Interim Unaudited Financial Report
## Schedule 1: Disbursement Provisions

### Basic Information

<table>
<thead>
<tr>
<th>Credit Number</th>
<th>Country</th>
<th>Recipient</th>
<th>Name of the Project</th>
<th>Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA 6530-NP</td>
<td>Nepal</td>
<td>Nepal</td>
<td>Second Additional Financing for the Earthquake Housing Reconstruction Project</td>
<td>Section III.B.3 of Schedule 2 to the Financing Agreement.</td>
</tr>
</tbody>
</table>

| Disbursement Deadline Date | Four months after the closing date. |

### Disbursement Methods and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods Section 2**</th>
<th>Methods Available</th>
<th>Supporting Documentation Subsections 4.3 and 4.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of Records</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes for contracts other than contracts referred in Clause I(i) of the DFIL</td>
<td>Interim Unaudited Financial Report (“IUFR”) (Attachment 2 of the DFIL)</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>Yes</td>
<td>Copy of Letter of Credit, Proforma Invoice if cited in the Letter of Credit</td>
</tr>
</tbody>
</table>

### Minimum Value of Applications (subsection 3.5)

The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is USD 10,000 equivalent.

### Authorized Signatures (subsection 3.1 and 3.2 ***)

The form for Authorized Signatures Letter is provided in Attachment 1 of this letter. Withdrawal and Documentation Applications (subsection 3.3 and 3.4 ****)

### Authorized Signatories Letter:

The World Bank
Nepal Country Office,
Yak & Yeti Complex,
Durbar Marg,
Kathmandu, Nepal
Attention: Country Manager, Nepal

### Withdrawal and Documentation Applications:

The World Bank
No. 11, Taramani Main Road
Taramani, Chennai – 600 113
India
Attention: Team Lead, WFACS
### Additional Instructions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>In case of Category 2 and Category 4 — Housing Grants included in the withdrawal table of Schedule III.A of the Financing Agreement, Housing Grants is to be claimed in the IUFR relating to satisfactory completed Housing Units as per the Financing Agreement and Operations Manual, upon output verification. The Amount of Grant for each housing unit would be as informed by the World Bank.</td>
</tr>
<tr>
<td>(ii)</td>
<td>Supporting documentation requirements for reporting on use of financing proceeds under category 3 of the table in Schedule III.A of the Agreement – Emergency Expenditures for the CER Component of the project would be provided in a revised Disbursement and Financial Information letter, if funds are allocated to category 3.</td>
</tr>
<tr>
<td>(iii)</td>
<td>List of contracts selected through international open or limited competition or Direct Selection to be disbursed only using Direct Payment and/or Special Commitment disbursement methods are provided in the procurement plan.</td>
</tr>
</tbody>
</table>

*Sections and subsections indicated relate to the Disbursement Guidelines for Investment Project dated Financing 2017.*
I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association") and [name of Recipient] (the "Recipient"), dated February 6, 2020, providing the above Financing. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Financing.

For the purpose of delivering Applications to the Association, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

[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

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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.
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]
Attachment 2 Format of Interim Unaudited Financial Report