Dear Mr. Dhungana:

**IDA Financing 6164-NP**

*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 January 21, 2018. 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 6164-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 January 21, 2018. This restatement includes amendment to Section II, Financial Reports and Audits, and additional instructions relating to Category 4.


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

(i) Disbursement Arrangements:

- **General Provisions** (Schedule 1). The table in Schedule 1 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 and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

(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 Nepal Country Office, Yak & Yeti Hotel Complex, Durbar Marg, Kathmandu, Nepal  
P.O. Box 798, Phone: +977 1 4236000/4226792/4439571 Fax: +977 1 4225112
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 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 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 or Ms. Timila Shrestha/ Mr. Nagendra Nakarmi, from the Country Office in Nepal.

If you have any queries in relation to the above, please contact Mr. Satish Kumar Shivakumar, Finance Officer at satishkumarl@worldbank.org.

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>Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA 6164-NP</td>
<td>Nepal</td>
<td>Nepal</td>
<td>Section III.B.3 of Schedule 2 to the Financing Agreement.</td>
</tr>
</tbody>
</table>

**Name of the Project:** Additional Financing for the Earthquake Housing Reconstruction Project

**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</td>
<td>Interim Unaudited Financial Report (“IUFR”) (Attachment 2 of the DFIL)</td>
</tr>
<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>Interim Unaudited Financial Report (Attachment 2 of the DFIL) Copy of bank statements of the Designated Account</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>

### Designated Account (Section 5 and 6)

<table>
<thead>
<tr>
<th>Type</th>
<th>Financial Institution - Name</th>
<th>Frequency of Reporting</th>
<th>Amount</th>
<th>Ceiling</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segregated to be operated by Nepal Reconstruction Authority</td>
<td>Nepal Rastra Bank</td>
<td>Once in a quadrimester</td>
<td>Forecast for two quadrimesters as provided in the IUFR.</td>
<td>Fixed</td>
<td>USD</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 1,000,000 equivalent.
**Authorized Signatures** *(Subsection 3.1 and 3.2 **)* The form for Authorized Signatories Letter is provided in Attachment 1 of this letter

**Withdrawal and Documentation Applications** *(Subsection 3.3 and 3.4 **)*

<table>
<thead>
<tr>
<th>Authorized Signatories Letter:</th>
<th>Withdrawal and Documentation Applications:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The World Bank</td>
<td>The World Bank</td>
</tr>
<tr>
<td>Nepal Country Office,</td>
<td>No. 11, Taramani Main Road</td>
</tr>
<tr>
<td>Yak &amp; Yeti Complex,</td>
<td>Taramani, Chennai – 600 113</td>
</tr>
<tr>
<td>Durbar Marg, Nepal</td>
<td>India</td>
</tr>
<tr>
<td>Kathmandu, Nepal</td>
<td>Attention: Team Lead, WFALA</td>
</tr>
<tr>
<td>Attention: Country Manager, Nepal</td>
<td></td>
</tr>
</tbody>
</table>

**Additional Instructions**

(i) In case of Category 2 and Category 4 – Housing Grants included in the withdrawal table of Schedule 2 Section III.A of the Financing Agreement, Housing Grants is to be claimed in the IUFR relating to satisfactory completed Housing Units as per the Operations Manual, upon output verification. The Amount of Grant for each housing unit would be as informed by the World Bank.

(ii) Supporting documentation requirements for reporting on use of financing proceeds under category 3 of the table in Schedule 2 Section III.A of the Agreement – Emergency Expenditures for CER Component of the project would be provided in a revised Disbursement letter, if funds are allocated to category 3.

*Sections and subsections indicated relate to the Disbursement Guidelines for Investment Project dated Financing 2017.*
Attachment 1 – Form of Authorized Signatory Letter

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

[DATE]

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

Re: IDA Financing 6164-NP (Additional Financing for the Earthquake Housing Reconstruction Project)

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association") and [name of Recipient] (the "Recipient"), dated January 21, 2018, 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 electronic means. In full recognition that the Association shall rely upon such representations and

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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.
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