



Asian Development Bank

Controller's Department  
Loan Administration Division

21 September 2009

Dr. Anup K. Pujari  
Joint Secretary (MI)  
Department of Economic Affairs  
Ministry of Finance  
North Block, New Delhi-110001  
India

Dear Dr. Pujari:

**RE: Loan No. 2528-IND: North Eastern Region Capital cities Development  
Investment Program - Project 1**

1. We draw your attention to the Loan Agreement and other related documents dated 04 August 2009 of the above loan. The Loan Account will be credited with US Dollars Thirty Million Dollars (USD30,000,000.00) when the Loan Agreement becomes effective.

**Withdrawal of Loan Proceeds**

2. Expenditures are normally eligible for financing from the date the Loan Agreement becomes effective. We enclose a copy of our Loan Disbursement Handbook (Handbook) and hope it will assist you in making withdrawals from the loan account. For disbursements using the statement of expenditures and /or imprest fund procedure which normally require ADB's approval, please refer to Chapters 9 and 10 of the Handbook. Sample withdrawal application forms are in the Appendixes of the Handbook<sup>1</sup>. Incomplete withdrawal applications which do not substantially meet the criteria requirements for disbursement will be returned to you.

3. We wish to draw your particular attention to the following disbursement arrangements:

**(i) Imprest Fund Procedure**

Under paragraph 5(a) of Schedule 3 of the Loan Agreement, when ADB's imprest fund procedure is used, a portion of the loan proceeds is deposited by ADB into an imprest account from which you may draw ADB's share of eligible Project expenditures. Detailed procedures for establishing and operating the imprest fund are set out in Attachment 1 of this letter.

<sup>1</sup> Please ensure that each withdrawal application is numbered sequentially with a five-character numeric identification, such as 00001. Assign an alpha identification for each EA (province) if there is more than one EA and submission of withdrawal applications is done separately by the EA (province).

## **(ii) Statement of Expenditures (SOE)**

Under Paragraph 5(c) of Schedule 3 of the Loan Agreement, you may apply the SOE procedure to reimburse, liquidate or replenish the imprest account. Any payment to be reimbursed or liquidated under the SOE procedures will not exceed the equivalent of \$100,000 per individual payment. Details of the SOE procedure and formats to be used are in the Handbook. Under the SOE procedure, you should retain all supporting documents and produce them for examination by ADB's representative whenever needed. Furthermore, SOE records are periodically audited, as part of the project audit, by an independent auditor or auditor acceptable to ADB and the audit report is to be given to ADB by the date indicated in the Loan Agreement after the end of each fiscal year.

## **(iii) Retroactive Financing**

Under paragraph 6 of Schedule 3 of the Loan Agreement, ADB agrees to retroactive financing of reasonable expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of the Loan Agreement in connection with (i) civil works; (ii) equipment and materials; (iii) recruitment of consultants, and (iv) project implementation and administration, subject to a maximum amount equivalent up to 20 percent of the Loan amount. Such expenditures are accumulated and withdrawn from the loan account immediately after the loan is effective using the reimbursement procedure described in the Handbook.

## **Authorized Signatory(ies)**

4. The Handbook describes what you must do before disbursement commences. The person(s) nominated by you to sign the withdrawal applications on your behalf should be authorized under the Loan Agreement provisions. An authorization letter, together with the relevant specimen signature(s), is to be sent to ADB before submission of the first withdrawal application. If there is a change in the authorized person(s) later, send us a new authorization letter, accompanied by the specimen signature(s) to ensure uninterrupted processing of loan disbursements.

## **Minimum Amount per Withdrawal Application**

5. To promote efficiency in processing loan disbursements, a minimum value per withdrawal application is set at US \$100,000 equivalent. As far as possible, the Executing Agency is requested to consolidate claims and submit withdrawal application as soon as this amount is reached.

## **Loan Service Payment**

6. Arrangements are to be made for paying principal, as well as interest, and other charges on the due dates specified in the Loan Agreement.

## Required Action

7. We suggest that the procedures contained in the enclosed publications be studied thoroughly by the officials responsible for administering the loan. Please tell us if we can clarify any of the attachments. To avoid delays in disbursement after the loan becomes effective, you should immediately:

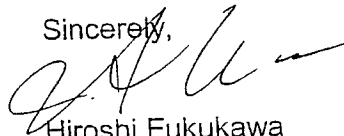
- a. submit the withdrawal authorization letter together with the relevant specimen signature(s);
- b. submit the withdrawal application for reimbursement of expenditures eligible for retroactive financing.
- c. submit the withdrawal application for the initial deposit to the imprest account.

## Advice of Withdrawals

8. Advice of withdrawals and other loan disbursement information is available at the Controller's Department's website address, <http://lfis.adb.org>. For password access, please contact the Borrower's Services Section, Loan Administration Division, Controller's Department at [lfis@adb.org](mailto:lfis@adb.org). Please provide us the updated address, telephone number and e-mail addresses of the executing/Implementing agency(ies) concerned.

9. Please circulate this letter to the concerned project staff, including project accountants.
10. We look forward to your continued cooperation and a mutually beneficial relationship.

Sincerely,



Hiroshi Fukukawa  
Assistant Controller  
Loan Administration Division  
Controller's Department

## Enclosures:

1. Loan Agreement (for MOF)
2. Loan Disbursement Handbook

cc: Details of recipients on the following page of this letter

FM:LH:vcl  
CTLA1/09-037



Disbursement Letter  
Loan No. 2528-IND  
CTLA1/09-037

Details of Recipients:

cc: Ashutosh Joshi, Director  
Ministry of Urban Development  
Marlana Azad Road, Nirmal Bhawan  
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A. K. Bhalla  
Principal Resident Commissioner  
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Shilong 793001, Meghalaya, India

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Principal Secretary  
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Urban Development Department  
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J. D. Bhutia  
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Country Director, INRM (without enclosures)  
Director, SAUD (without enclosures)