Re: IDA Financing Credit No. 6558-KG and Grant No. 5700-KG
(Regional Economic Development Project)
Additional Instructions: Disbursement and Financial Information Letter (DFIL)

Excellency:

I refer to the Financing Agreement between the Kyrgyz Republic (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 from time to time request withdrawals of Credit and Grant amounts from the Credit and Grant Accounts in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Association may specify from time to time by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”) and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Credit and Grant Funds, and Reporting on Uses of Credit and Grant Funds

The Disbursement Guidelines for Investment Project Financing, dated February 2017, (“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 the DFIL, and the manner in which the provisions in the guidelines apply to the Credit and the Grant is specified below.

(i) Disbursement Arrangements

A. 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. Section 11.01 (c) of the General Conditions:

The Recipient shall electronically deliver applications (with supporting documents) through the Association’s web-based portal (https://clientconnection.worldbank.org) “Client Connection”. This facility will become available once: (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 shall deliver Applications electronically by completing the Form 2380, which is
accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Recipient confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by electronic means. The Recipient may exercise the option of preparing and delivering Applications in paper form on an exceptional basis (including those where the Recipient encounters legal limitations), and which were previously agreed with the Association. By designating officials to use SIDC and 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, through the Project Implementing Entity, shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (IFR) for the Project, covering the quarter, in form and substance satisfactory to the Association.

(ii) Project Audits. Each audit of the Project 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 Project 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 Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association’s website (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 the Grant, 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.

Yours sincerely,

[Signature]
Bolormaa Amgaabazar
Country Manager
Kyrgyz Republic
Attachments
1. Form of Authorized Signatory Letter (ASL)
2. Form of Statement of Expenditure (SOE) for Category 1 and Category 2
3. Form of Summary of Expenditure for Small Grants under Category 3
4. Designated Account Reconciliation Statement

Cc with copies: Community Development and Investment Agency (ARIS)
## Schedule 1: Disbursement Provisions

### Basic Information

| IDA
Credit/Grant Number | IDA 6558-KG | IDA 5700-KG |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
<td>Kyrgyz Republic</td>
<td></td>
</tr>
<tr>
<td><strong>Recipient</strong></td>
<td>Ministry of Finance</td>
<td></td>
</tr>
<tr>
<td><strong>Name of the Project</strong></td>
<td>Regional Economic Development Project</td>
<td></td>
</tr>
<tr>
<td><strong>Closing Date</strong></td>
<td>Section III.B.2. of Schedule 2 to the Financing Agreement</td>
<td></td>
</tr>
<tr>
<td><strong>Disbursement Deadline Date</strong></td>
<td>Four months after the Closing Date</td>
<td></td>
</tr>
</tbody>
</table>

### Disbursement Methods and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods **(Section 2 ***)</th>
<th>Methods</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 (e.g., suppliers’ invoices, guarantees for advance and retention payments, etc.)</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL for Categories 1 and 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Summary of Expenditure in the format provided in Attachment 3 of the DFIL for Category 3</td>
</tr>
<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>SOE in the formats provided in Attachment 2 of the DFIL for Categories 1 and 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Summary of Expenditure in the format provided in Attachment 3 of the DFIL for Category 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bank Reconciliation Statement in the format provided in Attachment 4 of the DFIL.</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

#### Designated Account **(Sections 5 and 6 ***)

<table>
<thead>
<tr>
<th>Type</th>
<th>Segregated</th>
<th>Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institution - Name</td>
<td>To be established at a commercial bank acceptable to the Association</td>
<td></td>
</tr>
<tr>
<td>Frequency of Reporting **(Subsection 6.3 ***)</td>
<td>Monthly</td>
<td>Currency USD</td>
</tr>
<tr>
<td>Amount</td>
<td>1,200,000 each for the Credit and Grant</td>
<td></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 250,000 equivalent.

#### Authorized Signatures **(Subsection 3.1 and 3.2 ***)
Thet form for Authorized Signatories Letter is provided in Attachment 1 of this letter.

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

The World Bank
Radnicka cesta 80, 9th floor
Zagreb, HR-10000, Croatia
Attention: Loan Department (WFACS)

**Note:** All Withdrawal and Documentation Applications will be electronically delivered to the Association, via the Association’s website Client Connection.

### Additional Information/Instructions

For Category 1 and Category 2, the respective category allocations under IDA Grant should be fully disbursed before withdrawing from the respective categories under IDA Credit.

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

[Letterhead]
[Recipient]
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Country Director

Re: IDA Financing (IDA Credit No. 6558-KG and IDA Grant No. D5700-KG)
Regional Economic Development Project

I refer to the Financing Agreement ("Agreement") between the Kyrgyz Republic (the "Recipient") and the International Development Association (the "Association"), dated ______, providing the above Credit and Grant. For the purposes of 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 Credit and Grant.

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.

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 warranties, including without limitation, the representations and warranties contained in the

---

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.
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 – Form of Statement of Expenditure for Categories 1 and 2

Payments made during the period from _____________ to ______________

<p>| | | | | | | | | | |</p>
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>supplier’s name</td>
<td>WB contract number in client connection (for prior review contracts)</td>
<td>type of good or service (CW/GO/CS/OP/TR) / brief description</td>
<td>currency and total amount, and date of contract</td>
<td>currency and total amount of invoice covered by application</td>
<td>% financed by IBRD/IDA/TF</td>
<td>amount eligible for financing (5 x 6)</td>
<td>currency and amount paid from designated account (if applicable)</td>
<td>exchange rate</td>
<td>date of payment</td>
</tr>
<tr>
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</tr>
</tbody>
</table>

**TOTALS**

Supporting documents for this SOE retained at __________________________ (location)
Attachment 3 – Form of Summary of Expenditure for Category 3

Payments made during the period from _______________ to _______________

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>ACTUAL (in USD)</th>
<th>PLANNED (in USD)</th>
<th>VARIANCE</th>
<th>PROJECT LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Period</td>
<td>Year-To-Date</td>
<td>Current Period</td>
<td>Year-To-Date</td>
</tr>
<tr>
<td>3- Small Grants under Part 4(h) of the Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Supporting documents for this SOE retained at

(location)
DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER  
ACCOUNT NUMBER  WITH (BANK)  

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)  US$/EUR  

2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK  - US$/EUR  

3. EQUA LS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2)  = US$/EUR  

4. BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE  US$/EUR  

5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO.  + US$/EUR  

6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON:  + US$/EUR  

7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS  

<table>
<thead>
<tr>
<th>APPLICATION NO.</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED  + US$/EUR  

8. MINUS: INTEREST EARNED  - US$/EUR  

9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)  = US$/EUR  

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:  

11. DATE: SIGNATURE:  

   TITLE: