Re: IDA Credit No. 6594-MN and IBRD Loan No. 9082-MN
(Mongolia COVID-19 Emergency Response and Health System Preparedness Project)
Additional Instructions: Disbursement and Financial Information Letter (DFIL).

I refer to the Financing Agreement and Loan Agreement (“Agreements”) between Mongolia (“Recipient/Borrower”) and the International Development Association (“Association”) and International Bank of Reconstruction and Development (“Bank”) for the above-referenced project, dated April 9, 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 Credit 6594-MN (“Financing”) and IBRD Loan 9082-MN, 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.

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

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 is specified below.

(i) Disbursement Arrangements:

- **General Provisions** (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient/Borrower, and conditions, 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.

- **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 under IDA Credit.
(ii) Electronic Delivery. Section 10.01 (c) of the General Conditions:

The Recipient/Borrower will deliver Withdrawal Applications (with supporting documents) electronically through the Association’s web-based portal “Client Connection” at https://clientconnection.worldbank.org. This option will be effected after the officials designated in writing by the Recipient/Borrower who are authorized to sign and deliver Withdrawal Applications have registered as users of “Client Connection”. The designated officials will deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Recipient/Borrower 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/Borrower may exercise the option of preparing and delivering Withdrawal Applications in paper form on exceptional cases (including those where the Borrower encounters legal limitations), and which were previously agreed with the Association. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient/Borrower 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/Borrower must 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 must cover the period of one fiscal year of the Recipient/Borrower, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period must be furnished to the Association not later than six (6) 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/) 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 [Grant] [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.

Yours sincerely,

Andrei Mikhnev
Country Manager and Resident
Representative for Mongolia
Attachments
1. Form of Authorized Signatory Letter
2. Statement of Expenditure (SOE)
3. Designated Account Reconciliation Statement
## Schedule 1: Disbursement Provisions

### Basic Information

<table>
<thead>
<tr>
<th>Grant/Credit Number</th>
<th>Country</th>
<th>Recipient/Borrower</th>
<th>Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mongolia</td>
<td>Mongolia</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Project</th>
<th>Disbursement Deadline Date</th>
<th>Disbursement Methods and Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mongolia Covid-19 Emergency Response and Health System Preparedness Project</td>
<td>Four months after the closing date.</td>
<td>Supporting Documentation: Subsections 4.3 and 4.4 (**)</td>
</tr>
</tbody>
</table>

### Disbursement Methods and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation</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>Statement of Expenditure (SOE in the format provided in Attachment 2 of the DFIL)</td>
</tr>
<tr>
<td>Advance (into a Designated Account)</td>
<td>Yes</td>
<td>Statement of Expenditure (SOE in the format provided in Attachment 2 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>
<th>Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institution - Name</td>
<td>To be established at a financial institution acceptable to the Association</td>
<td>Currency</td>
<td>USD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frequency of Reporting Subsection 6.3 (**)</th>
<th>Monthly</th>
<th>Amount</th>
<th>4,500,000 (respective amount under IBRD and IDA is to be decided by Borrower according to project needs.)</th>
</tr>
</thead>
</table>

### Minimum Value of Applications (subsection 3.5)

The minimum value of applications for Reimbursement, Direct Payment and Special Commitment is USD900,000 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 (***)

The World Bank  
5F, MCS Plaza Building  
Seoul Street-4  
Ulaanbaatar 210644  
Mongolia  
Attention: Loan Operation (WFACS)

### Additional Information

(i) The Designated Account for this project will be jointly maintained and managed by MOF and MOH at the commercial bank or financial institution acceptable by the Bank for eligible expenditures. In case the DA is moved into the Treasury Single Account System within the Government.
Financial Management Information System (GFMIS), the Recipient/Borrower shall inform the Association of such a change and the DA arrangement will be revised accordingly.

(ii) A subaccount in Mongolian tugriks will be opened with the Treasury for all transactions in Mongolian tugriks, including PIU operating and non-operating expenses in accordance with the Government’s financial regulations. The MOF ultimately will be responsible for managing the subaccounts. Specific project payment approval procedures will be documented in the FMM. The ceiling will not be established for the sub-account but it will be within the ceiling set for the DA according to project’s needs.

(iii) 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.

(iv) In case of categories of the withdrawal table in Section III.A.2 of Schedule 2, payments to UN Agencies (if any) would be made through UN Commitment disbursement mechanism. In case of contract with UN Agency, an application for issuance of UN Commitment is to be submitted by the Recipient/Borrower. Subsequent payment and documentation of expenditures would be as per the commitment letter to be issued by the Association and agreement between the Recipient/Borrower and the UN agency.

(v) This DFIL may not be fully adapted to the disbursement of funds allocated from time to time to Category (2) for CERC component of the withdrawal table in Section III.A.2 of Schedule 2 to the Financing Agreement. The DFIL will be revised, if needed, when funds are allocated to Category (2) of the disbursement table.

**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]

The World Bank Office
Level 16, China World Tower 2
No. 1 Jianguomenwai Avenue
Beijing, China

[DATE]

Attention: Mr. Martin Raiser, Country Director, China

Re: Loan/Credit No. ______-____ ([Name of the project])

I refer to the Financing Agreement between Mongolia (the “Recipient/Borrower”) and the International Development Association (the “IDA”), and the Loan Agreement between Mongolia and the International Bank for Reconstruction and Development (the “IBRD”), and together with IDA, the “World Bank”), dated ______, providing the above Credit and Loan. For the purposes of Section 2.02 of the General Conditions as defined in the Financing Agreement and the Loan Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient/Borrower to sign applications for withdrawal [and applications for a special commitment] under this Credit/Loan.

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

This confirms that the Recipient/Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

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1 Instruction to the Borrower: 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 Bank.

2 Instruction to the Borrower: 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 Bank.

3 Instruction to the Borrower: 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 Bank.

4 Instruction to the Borrower: 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 Bank.
the World Bank by electronic means. In full recognition that the World Bank 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/Borrower represents and warrants to the World Bank that it will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the World Bank records with respect to the Financing Agreement and the Loan Agreement.

[Name], [position]    Specimen Signature: ________________________

[Name], [position]    Specimen Signature: ________________________

[Name], [position]    Specimen Signature: ________________________

Yours truly,

/ signed /

[Position]

5 Instruction to the Borrower: Add this paragraph if the Borrower 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 Bank.
## Attachment 2 – Statement of Expenditures

**IDA-International Development Association**

**Statement of Expenditures**

Payment made during the period from [ ] to [ ].

The following expenditures have been incurred during the retroactive financing period (please tick):

[ ] Yes [ ] No

The following expenditures have been incurred before the closing date of the loan/credit/grant (please tick):

[ ] Yes [ ] No

### ONLY for the Designated Account

<table>
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<tr>
<th>Financier</th>
<th>Loan/Credit/Grant#</th>
<th>Application#</th>
<th>Category#</th>
<th>Page#</th>
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<tr>
<th>Item No.</th>
<th>Supplier’s Name</th>
<th>Brief Description of the expenditure</th>
<th>Prior Review Contract? (Yes or No)</th>
<th>Contract# (Client Connection# for Prior Review contracts)</th>
<th>Contract currency and amount (original amendment)</th>
<th>Invoice number</th>
<th>Date of payment</th>
<th>Total amount of Invoice covered by Application (net of retention)</th>
<th>% Financed by the Bank</th>
<th>Eligible Amount (col 9x10)</th>
<th>Exchange rate</th>
<th>Date of Withdrawal from the Designated Account</th>
<th>Amount Withdrawn from the Designated Account (Col11/12)</th>
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Supporting documents for this SOE are retained at [ ] (insert location).

A separate form should be used for each category.