June 4, 2012

Mr. Vache Gabrielyan
Minister of Finance
Ministry of Finance
1 Melik-Adamyan Street
Yerevan 0010
Republic of Armenia

Dear Mr. Minister:

Re: Republic of Armenia: IDF Grant for Capacity Building of
Regulatory Reform Unit of the Armenian Government Project Grant No. TF011972
Additional Instructions: Disbursement Letter

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction
and Development ("World Bank"), and the Republic of Armenia (the "Recipient") for the above-
referenced project, dated June 4, 2012. The Agreement provides that the World Bank may issue additional
instructions regarding the withdrawal of the proceeds of Grant No. TF011972 ("Grant"). This letter
("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006,
("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The
manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below.
Sections and subsections in parentheses below refer to the relevant sections and subsections in the
Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the
meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the
Grant:
• Reimbursement
• Advance
• Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after
the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World
Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Withdrawal Condition(s) in the Grant
Agreement.
II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to submit Applications:

The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: Asad Alam, Country Director

(ii) Applications (subsections 3.2). Please provide completed applications for withdrawal, together with supporting documents, through the World Bank’s Client Connection, web-based portal, following the instructions for electronic delivery. In the case the recipient does not have internet access, the World Bank may permit the delivery of applications for withdrawal, together with supporting documents, in accordance with subsection 3.3, to the following address:

The World Bank
Radnicka cesta 80/IX
10000 Zagreb, Croatia
Attention: Loan Departme nt

(iii) Electronic Delivery (subsection 3.4). The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices (“Tokens”) from the World Bank 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. If the World Bank agrees, the World Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Reimbursements and Direct Payments is USD 50,000.

(vi) Advances (sections 5 and 6) to FFPMC.

• Type of Designated Account (subsection 5.3): Segregated, in the central treasury of the Republic of Armenia
• **Currency of Designated Account (subsection 5.4):** USD

• **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):**
  Central Bank of Armenia

• **Ceiling (subsection 6.1)** USD 100,000

III. Reporting on Use of Grant Proceeds

(i) **Supporting Documentation (section 4).** Supporting documentation should be provided with each application for withdrawal as set out below:

• **For requests for Reimbursement:**
  - Statement of Expenditure in the form attached (Attachment 4);
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued at USD 50,000 or more;
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5).

• **For reporting eligible expenditures paid from the Designated Account:**
  - Statement of Expenditure in the form attached (Attachment 4);
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued at USD 50,000 or more;
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5); and,
  - A reconciliation of the Designated Account, in the form attached (Attachment 6), with a copy of the bank statement.

• **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):**
  Quarterly or more often if required.

IV. Other Important Information

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be affected. For more information about the website and registration arrangements, please contact the World Bank by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact LOA-TF by sending an email to loa-tf@worldbank.org and using the trust fund number as a reference.

Yours sincerely,

Elene Imnadze
Acting Regional Director
Europe and Central Asia

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of Statement of Expenditures
5. Form of Payments Against Contracts Subject to the World Bank’s Prior Review
6. Designated Account Reconciliation Statement

Cc with copies: Foreign Financing Projects Management Center (FFPMC)

Government House 1, Ministry of Finance
Yerevan, 0010,
Republic of Armenia
info@ffpmc.am
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Attention: Asad Alam, Country Director

Dear Mr. Alam:

Re: Republic of Armenia: IDF Grant for Capacity Building of  
Regulatory Reform Unit of the Armenian Government Project  
Grant No. TF011972

I refer to the Grant Agreement (“Agreement”) between the International Bank for  
Reconstruction and Development (“World Bank”), and the Republic of Armenia (the  
“Recipient”), dated ______, providing the above Grant. For the purposes of Section 3.04 (b) of  
the Standard 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 Grant.

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, acting [individually] [jointly], to deliver Applications, and evidence in support  
thereof on the terms and conditions specified by the World Bank.

\footnote{Instruct the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign  
Applications, and how many or which positions, and if any thresholds apply. \textit{Please delete this footnote in final letter that is sent to the World Bank.}}

\footnote{Instruction to the Recipient: Stipulate if more than one person needs to \textit{jointly} sign Applications, if so, please indicate the  
actual number. \textit{Please delete this footnote in final letter that is sent to the World Bank.}}

\footnote{Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please  
delete. \textit{Please delete this footnote in final letter that is sent to the World Bank.}}

\footnote{Instruction to the Recipient: Use this bracket \textit{only} if several individuals must jointly sign each Application; if this is not  
applicable, please delete. \textit{Please delete this footnote in final letter that is sent to the World Bank.}}
This confirms that the Recipient is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens"), the Recipient represents and warrants to the World Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and 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 this Agreement.

[Name], [position] Specimen Signature: ____________________________

[Name], [position] Specimen Signature: ____________________________

[Name], [position] Specimen Signature: ____________________________

Yours truly,

/ signed /

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[Position]

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5 Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Tokens 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 World Bank.
Terms and Conditions of Use of Secure Identification Devices
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation

January 20, 2010

The World Bank (Bank)\(^6\) will provide secure identification devices (Tokens) to permit the Borrower\(^7\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

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\(^6\) "Bank" includes IBRD and IDA.

\(^7\) "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.

3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

   **Security**

   4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

   4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

   4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

   4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.

   4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.
Care of Tokens

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7 Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. Replacement

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User’s Account.

6. Reservation of Right to disable Token

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.
# Statement of Expenditures (SOE)

Payments made during the period from _____________ to _____________

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Name and Address of Contractors or Suppliers</th>
<th>Contract or Purchase order No. &amp; Date (or other ref.)</th>
<th>Brief Description of Goods, Works or Services</th>
<th>Currency and Total Amount of Contract</th>
<th>Total amount invoices covered by application (net of retention)</th>
<th>Elig. %</th>
<th>Invoice Amount Eligible for Financing</th>
<th>Amount Paid From Designated Account (if any)</th>
<th>Date of Payment</th>
<th>Remarks</th>
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**TOTALS**

Supporting documents for this SOE retained at: (insert location)
Payments Made during Reporting Period

Against Contracts Subject to the World Bank’s Prior Review

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of WB's Non Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
<th>WB's Share of Amt Paid to Supplier during Period</th>
</tr>
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</table>
**DESIGNATED ACCOUNT RECONCILIATION STATEMENT**

TRUST FUND NUMBER ____________
ACCOUNT NUMBER ____________ WITH (BANK) ______________

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCER) $ ____________
2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - $ ____________
3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2) = $ ____________

BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE ______________ $ ____________

5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. ______________ + $ ____________ *
6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: ______________ + $ ____________ *

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>
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SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED + $ ____________

8. MINUS: INTEREST EARNED - $ ____________ *
9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = $ ____________

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

11. DATE: ________________________ SIGNATURE: ________________________
    TITLE: ________________________

* ALL ITEMS SHOULD BE INDICATED ON THE BANK STATEMENT