December 2, 2019

H.E. Baktygul Jeenbaeva  
Minister of Finance  
Ministry of Finance  
58, Erkindik Boulevard  
Bishkek 720040  
Kyrgyz Republic

Excellency:

Re: IDA Financing (IDA Credit No. 5918-KG and IDA Grant No. D147-KG)  
Integrated Dairy Productivity Improvement Project (Phase I)  
Additional Instructions: Disbursement  
First Restatement

I refer to the Financing Agreement between the Kyrgyz Republic (the “Recipient”) and International Development Association (the “Association”) for the above-referenced project, dated August 10, 2017. The Financing Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing for IDA Credit 5918-KG and IDA Grant D147-KG (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

I also refer to your letter no. 16-2-1/13858 dated November 12, 2019 requesting to increase the Designated Account ceiling under the Financing. In response, this letter is the First Restatement of the Disbursement Letter dated August 10, 2017 for the above referenced project, to: (a) increase the advance ceiling under paragraph II.(v) and minimum application size under paragraph II.(iv); (b) amend the supporting documentation requirement under paragraph III(i) and reflect the mandatory use of electronic delivery of Applications under paragraphs II.(ii) and (iii); and, (c) incorporate all relevant attachment as enclosed. This Disbursement Letter supersedes the original letter in its entirety.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Financing:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

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

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Conditions in the Financing Agreement, Schedule 2, Section IV.B.1.

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 1) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: Lilia Burunciuc, Regional Country Director, Central Asia

(ii) Applications (subsections 3.2 - 3.3) The Withdrawal Applications and its supporting documentation will be electronically sent via the Association’s system Client Connection.

(iii) Electronic Delivery (subsection 3.4) 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.

(iv) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Direct Payment, Reimbursement and issuance of Special Commitment is US$ 60,000.

(v) Advances (sections 5 and 6).

- **Type of Designated Accounts (subsection 5.3):** Segregated

- **Currency of Designated Accounts (subsection 5.4):** United States Dollars (US$)

- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):** a commercial bank/financial institution acceptable to the Association.

- **Ceilings (subsection 6.1):**
  - DA for the IDA Grant, held by the Ministry of Finance (MoF) and managed by the Credit Line Management Unit (CLMU) – US$ 300,000; and
  - DA for the IDA Credit, held by the MoF and managed by the CLMU – US$ 400,000.

III. Reporting on Use of Financing Proceeds

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

- **For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Accounts:**
  - Statement of Expenditure in the form attached (Attachment 2a) for all expenditures / contracts, including training and incremental operating costs, except for the Sub-financing;
  - Statement of Expenditure in the form attached (Attachment 2b) for the Sub-financing; and
  - A designated account reconciliation statement (Attachment 3) and related bank statements.

- **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 frequently if needed.
IV. Other Disbursement Instructions

Please be advised that in accordance with Schedule 2, Section IV.A.2 of the Financing Agreement, to the extent practicable, the proceeds of the IDA Grant shall be disbursed before the proceeds of the IDA Credit. It was agreed also that consultants’ services under the project would be paid from the IDA Grant proceeds.

The CLMU will be responsible for overall disbursements under the project; would open and hold the designated accounts for the project; and would report to the Association on the usage of the designated accounts’ funds in the agreed intervals, through submission of the withdrawal applications.

The CLMU will periodically transfer funds from the designated accounts into the account of the Agribusiness Competitiveness Center (ABCC), implementing entity for the technical assistance activities under the Components 1 and 2, for the purposes of ABCC paying eligible expenditures incurred under the mentioned Components 1 and 2, as well as for their share of the project management expenditures under the Component 4. Funds so transferred would be documented to the CLMU once spent, to be included in the designated accounts’ withdrawal applications prepared and sent to the Association by the CLMU.

V. 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 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]

Eric Ranjeva
Finance Officer

Attachments:
1. Form for Authorized Signatures
2. Forms of “Statement of Expenditure”
3. Form of Designated Account Reconciliation Statement
Prepared by: Ma. Dessirie Kalinski, Finance Analyst – WFACS

Cleared with and cc: Ruxandra Costache, Senior Counsel – LEGLE
Artavazd Hakobyan, Task Team Leader – SCAAG
Eric Ranjeva, Finance Officer – WFACS

Cc with copies: Credit Line Management Unit (CLMU)
(within the Ministry of Finance)

Agribusiness Competitiveness Center (ABCC)
(within the Ministry of Agriculture and Melioration)
Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
58, Erkindik Boulevard
Bishkek 720040
Kyrgyz

[DATE]

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

Attention: [Country Director]

Re: IDA Credit No. 5918-KG and IDA Grant No. D147-KG
(Integrated Dairy Productivity Improvement Project)

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association") and Kyrgyz Republic (the "Recipient"), dated ______, 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 [and applications for a special commitment] 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 warranties, including without limitation, the 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.
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]
## Statement of Expenditures (SOE)

Payments made during the period from ______________ to ______________

<table>
<thead>
<tr>
<th>SOE No.</th>
<th>Supplier’s Name</th>
<th>WB Contract Number in Client Connection</th>
<th>Type of Good or Service (CW/GO/CS/OP/TR) / Brief Description</th>
<th>Currency and Total Amount of Contract</th>
<th>Currency and Total Amount of Invoice Covered by Application</th>
<th>% Financed by IBRD/IDA/TF</th>
<th>Amount Eligible for Financing (5 x 6)</th>
<th>Currency and Amount Paid from Designated Account (if Applicable)</th>
<th>Exchange Rate</th>
<th>Date of Payment</th>
<th>Remarks</th>
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**TOTALS**

Supporting documents for this SOE retained at ____________________________ (location)
**International Bank for Reconstruction and Development/International Development Association**

**Statement of Expenses - SOE**

(No Supporting Documents)

**Sub-financing (Revolving Fund Financing)**

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<tr>
<td>Name or Number of Sub-financing</td>
<td>Name of Beneficiary</td>
<td>Code of Currency of Sub-financing</td>
<td>Amount of Sub-financing</td>
<td>No. of Invoice</td>
<td>100% of Amounts paid In this Application</td>
<td>% Financed by IBRD/IDA</td>
<td>Amount requested in this Application (Col 6 X 7)</td>
<td>Date of Payment</td>
<td>Rate of Exchange</td>
<td>Date of Withdrawal from DA</td>
<td>US$ Amount withdrawn from DA</td>
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**Attachment 2b**
DESIGNATED ACCOUNT RECONCILIATION STATEMENT

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

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) $__________________

2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - $__________________

3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE SPECIAL ACCOUNT (NUMBER 1 LESS NUMBER 2) = $__________________

4. BALANCE OF SPECIAL 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: __________________________