H.E.S. Bayartsogt  
Minister of Finance  
Government Building 2  
United Nations' Street 5-1  
Ulaanbaatar 210646, Mongolia

Re: Korea Grant TF Nos. TF095071-MN and TF099122  
(Programmatic Development Policy Credit Series for Mongolia)  
Additional Instructions: Disbursement

Dear Excellency:

I refer to the Grant Agreements (the “Agreements”) between the International Development Association (the “Bank”), acting as administrator of the funds granted by the Republic of Korea (the “Donor”) under the Trust Fund for World Bank-Korea Partnership on Poverty Reduction and Socio-Economic Development and Mongolia (the “Recipient”) for the above-referenced project, dated September 16, 2009 and March 31, 2011. The Agreements provide that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Grants TF095071-MN and TF099122-MN (the “Grants”). This letter revises the Disbursement Letter issued on September 16, 2009, as revised on January 11, 2011, by adding TF 99122-MN to these additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (the “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 Grants 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 Grants:

- Direct Payment
(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Dates specified in the Grant Agreements. Any changes to this date will be notified by the Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the conditions specified in the Grant Agreements.

II. Withdrawal of Grant Proceeds

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

The World Bank  
5F, MCS Plaza Building  
Seoul Street-4  
Ulaanbaatar 210644  
Mongolia  
Attention: Country Director, Mongolia

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank  
5F, MCS Plaza Building  
Seoul Street-4  
Ulaanbaatar 210644  
Mongolia  
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4). The Recipient may deliver Applications to the Bank through the Bank’s Client Connection, web-based portal, by completing Form 2380, which is accessible through Client Connection (http://clientconnection.worldbank.org). Officials of the Recipient may deliver Applications electronically on behalf of the Recipient if they: (a) have been designated in writing by the Recipient, pursuant to the terms of subparagraph (i) of this Section, to sign and deliver Applications by electronic means and to receive secure identification devices (“Tokens”) from the Bank, (b) are registered as users of Client Connection, and (c) have received from the Bank Tokens for such purpose. This constitutes an additional means of delivering Applications to the Bank. The Recipient may continue to exercise the option of preparing and delivering Applications in paper format. The Bank reserves the right, and may in its sole discretion, temporarily or permanently, to disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating authorized signatories to accept Tokens and by choosing to deliver the Applications
electronically, the Recipient confirms its agreement to abide by and to cause the authorized signatories to abide by the Terms and Conditions of Use of Secure Identification Device in connection with Use of Electronic Means to Process Applications for Withdrawal and Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment 3. The Recipient also represents and warrants to the Bank (and such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Tokens, shall be relied upon by the Bank) that the Recipient shall deliver the Terms and Conditions of Use of Tokens to each authorized signatory and shall cause each authorized signatory to be bound by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). Not Applicable.

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 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): Not Applicable.

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank’s public website at http://www.worldbank.org and its secure website “Client Connection” at https://clientconnection.worldbank.org. Print copies are available upon request. From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the Grants, and retrieve related policy, financial, and procurement information.

If you have not already done so, the 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 Grants, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Bank by email at <clientconnection@worldbank.org>.
If you have any queries in relation to the above, please contact Robert O’Leary at loa-cap@worldbank.org using the above reference.

Yours sincerely,

/s/ Klaus Rohland

Klaus Rohland
Country Director, Mongolia
East Asia and Pacific Region

Attachments:

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
The World Bank  
5F, MCS Plaza Building  
Seoul Street-4  
Ulaanbaatar 210644  
Mongolia  

Attention: [Country Director] 

Dear [Country Director]: 

Re: Grant Nos. TF095701 and TF099122 

I refer to the Grant Agreements ("Agreements") between the International Development Association ("Bank"), acting as administrator of the funds granted by the Republic of Korea (the "Donor") and Mongolia (the "Recipient") for the above-referenced Grants. 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 [and applications for a special commitment] under these Grants. 

For the purpose of delivering Applications to the 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 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 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 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.]

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1 Instruction to the Recipient when sending this letter to the Bank: 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.
This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position]  Specimen Signature: __________________

[Name], [position]  Specimen Signature: __________________

[Name], [position]  Specimen Signature: __________________

Yours truly,

/ signed /

[Position]
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 Bank will provide secure identification devices (Tokens) to permit the Borrower 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.

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.