H.E. Darko Radunović  
Minister of Finance  
Ministry of Finance  
Stanka Dragojevića  
MNE - 81000 Podgorica  

Excellency:  

Re: IBRD Loan 8772-ME (Revenue Administration Reform Project)  
Additional Instructions: Disbursement  

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Montenegro (the “Borrower”) for the above-referenced project, dated January 19, 2018. The Loan Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan IBRD 8772-ME (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.  

The attached Disbursement Guidelines for Investment Project Financing, dated February 2017, (“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 Loan 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 Loan:  

- Advance  
- Direct Payment  

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

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Loan Agreement, Section IV.B. of Schedule 2.
II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory 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
1818 H Street, NW
Washington, DC 20433
Attention: Emanuel Salinas, Country Manager

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

The World Bank
Radnička cesta 80, 9TH floor
Zagreb, HR – 10 000,
Croatia
Attention: Loan Department (WFALN)

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower 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 credentials (“SIDC”) from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with SIDC 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 Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the 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 (“Terms and Conditions of Use of Secure Identification Credentials”) provided in Attachment 3; and (b) 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 Direct Payments is Euro 200,000.
(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** Euro
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Crnogorska Komercijalna Banka AD (CKBCMEPGXXX)
- **Ceiling (subsection 6.1):** Euro 1,000,000

III. Reporting on Use of Loan Proceeds

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

- **For reporting eligible expenditures paid from the Designated Account:**
  - Statement of Expenditure in the form attached (Attachment 4) for all expenditures / contracts; and
  - A designated account reconciliation statement (Attachment 5) and related 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 frequently if needed.

IV. Other Important 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](https://clientconnection.worldbank.org)). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. 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 Jasna Mestnik, Finance Officer at jmestnik@worldbank.org using the above reference.

Yours sincerely,

Emanuella Salinas
Country Manager, Montenegro
Europe and Central Asia

Attachments:

2. Form for Authorized Signatures
4. Form of “Statement of Expenditure”
5. Form of Designated Account Reconciliation Statement

Prepared by: Jasna Mestnik, Finance Officer - WFALN

Cleared with and cc: Luz Meza-Bartrina, Country Lawyer - LEGLE
Shilpa B. Pradhan, Task Team Leader - GGODR

Cc with copies: Montenegro Tax Administration (MTA)
Technical Services Unit (TSU) within the Ministry of Finance