H.E. Nikola Spiric  
Minister of Finance and Treasury  
Trg BiH 1  
71000 Sarajevo  
Bosnia and Herzegovina  

Excellency:  

Re: GEF TRUST FUND GRANT No. R2013-0037-BA  
Bosnia and Herzegovina: Sustainable Forest and Landscape Management Project  
Additional Instructions: Disbursement  

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), acting as an implementing agency of the Global Environmental Facility, and Bosnia and Herzegovina (the "Recipient") for the above-referenced project, dated April 01, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. R2013-0037-BA ("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  
- Special Commitment  

(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 Disbursement 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 sign Applications:

The World Bank  
1818 H Street, N.W.  
Washington, D.C., 20433  
United States of America  
Attention: Ellen A. Goldstein, Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank  
Radnicka cesta, 9th floor  
Zagreb, HR – 10 000  
Croatia  
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be exercised 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 credentials (“SIDC”) 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 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 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 SIDC to Process Applications. By designating officials to use SDIC 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 Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of SIDC") provided in Attachment 5; 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 is US$ 60,000.

(vi) Advances (sections 5 and 6).

- Type of Designated Accounts (subsection 5.3): Segregated
- Currency of Designated Accounts (subsection 5.4): US$
- Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5): a commercial bank / financial institution acceptable to the World Bank.
- Ceiling (subsection 6.1):
  
  (a) US$ 300,000 for Designated Account for Federation of Bosnia and Herzegovina (DA A), for Disbursement Category 1 of the withdrawal table set forth in paragraph A.2. of Section IV of Schedule 2 to the Agreement and
  
  (b) US$ 300,000 for Designated Account for Republika Srpska (DA B), for Disbursement Category 2 of the withdrawal table set forth in paragraph A.2. of Section IV of Schedule 2 to the Agreement.

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 and for reporting eligible expenditures paid from the Designated Account:
  
  o Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) – Attachment 3A, with supporting documents - for payments for works against contracts valued at US$ 2,000,000 equivalent or more; for goods and non-consulting services against contracts valued at US$ 200,000 equivalent or more; for consultant services against contracts valued at US$ 300,000 equivalent or more for firms and at US$ 50,000 equivalent or more for individual consultants;

  o Statement of Expenditure in the form attached - Attachment 3B, without supporting documentation - for all other expenditures / contracts, including training and incremental operating expenses; and
- List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 4)

- **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):* Replenishment applications should be submitted at least quarterly. The replenishment applications (to the Designated Accounts) must include reconciled bank statements as well as other appropriate supporting documents.

**IV. Other Important Information**


From the Client Connection 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.

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 effected. 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 Jose C. Janeiro, Senior Finance Officer at loaeca@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Amabela Abreu
Country Manager
Bosnia and Herzegovina, Montenegro
Europe and Central Asia
Attachments:

2. Form for Authorized Signatures
3. Form of Records – “Summary Sheet/Statement of Expenditures” (attachment 3A - with supporting documents) evidencing eligible expenditures; “Statement of Expenditure” in the form attached (Attachment 3B – without supporting documentation)
4. Form of Payments Against Contracts Subject to the World Bank’s Prior Review

Prepared by: Jasna Mestnik / Jose C. Janeiro, CTRLA

Cleared with and cc: Adam Shayne - Country Lawyer - LEGLE
Nathalie Weier Johnson - Task Team Leader - ECSEN

Cc with copies: FBiH Ministry of Agriculture, Water Management and Forestry
Marka Marulica 2
Sarajevo, Bosnia and Herzegovina
kabinet@fmpvs.gov.ba

RS Ministry of Agriculture, Forestry and Water Management
Trg Republike Srpske 1
Banja Luka, Bosnia and Herzegovina
mps@mps.vladars.net