August 30, 2012

Minister of Finance
Ministry of Finance
58 Erkindik Blvd.
Bishkek City, 720040
Kyrgyz Republic

Dear Mr. Minister:

Re: IFAD Project Grant No. DSF-8021-KG (Internal Co-Fin No. C1110-KG) (Agricultural Investments and Services Project) Amendment to Additional Instructions: Disbursement

I refer to the Project Grant Agreement between the International Fund for Agricultural Development (IFAD) and the Kyrgyz Republic (the "Recipient") for the above-referenced project, dated January 29, 2009. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant. This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions. The original Disbursement Letter was dated October 7, 2009 and it was restated on June 17, 2010 (changing the ceiling of the Designated Account and the minimum application limit).

In response to your letter dated June 20, 2012, this Disbursement Letter is a Restatement of the last Disbursement Letter dated June 17, 2010 for the above referenced project restating Section II (vi) to change the ceiling of the Designated Account. All other provisions of the Disbursement Letter dated June 17, 2010, except as amended, shall remain in force and effect.

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 Financing 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 Financing:

- 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 Financing Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in Schedule 2, Para 5(a) and (b) of the Project Grant Agreement.

II. Withdrawal of Project Grant Proceeds

(i) Authorized Signatures (subsection 3.1).
A letter in the Form attached (Attachment 2) 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, D.C. 20433
United States of America
Attention: Saroj Kumar Jha, Regional Director, Central Asia

(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 80, 9th floor
HR-10000 Zagreb, Croatia
Attention: Disbursement Management Group

(iii) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for direct payments and/or issuance of special commitments is USD200,000 for the APIU and USD 80,000 for the ARIS.

(iv) Advances (sections 5 and 6). – Two Designated Accounts will be opened; one for APIU and a second for ARIS:

• Type of Special Account (Designated Accounts) (subsection 5.3): Segregated

• Currency of Special Account (Designated Accounts) (subsection 5.4): USD
**Financial Institution at which the Special Account (Designated Accounts) Will Be Opened (subsection 5.5):** a commercial bank acceptable to the Association.

**Ceiling (subsection 6.1):** USD 800,000 for the APIU DA and USD 500,000 for the ARIS DA.

### III. Reporting on Use of Project 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:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for works against contracts valued at USD100,000 equivalent or more; for payments for goods against contracts valued at USD100,000 equivalent or more; for payments for services of consulting firms against contracts valued at USD100,000 equivalent or more; for payments for services of individual consultants against contracts valued at USD25,000 equivalent or more;
  - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures/contracts; and
  - List of payments against contracts that are subject to the Association’s prior review, in the form attached (Attachment 4)

- **For reporting eligible expenditures paid from the Special Account (Designated Account):**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for works against contracts valued at USD100,000 equivalent or more; for payments for goods against contracts valued at USD100,000 equivalent or more; for payments for services of consulting firms against contracts valued at USD100,000 equivalent or more; for payments for services of individual consultants against contracts valued at USD25,000 equivalent or more;
  - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures/contracts; and
  - List of payments against contracts that are subject to the Association’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 Special Account (Designated Account) (subsection 6.3):** Monthly

**(ii) Other Supporting Documentation Instructions:** Please submit bank reconciliation and statements of account when submitting applications for replenishment of the DA.
IV. Other Disbursement Instructions: Withdrawal applications will be signed by two persons: (i) an authorized representative of the recipient (Ministry of Finance) and (ii) the APIU Director for the portion of the Grant executed by the APIU and the ARIS Executive Director for the portion of the Grant executed by ARIS or another designated person as authorized by written delegated authority from the Ministry of Finance.

V. Other Important Information


If you have not already done so, the Association recommends that you register as a user of the Client Connection website (http://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact me at <loa-eca@worldbank.org> using the above reference.

Regards,

Joseph P. Formoso
Senior Finance Officer
Loan Department

Attachments are with the original Disbursement Letter
Cc with copies: Agricultural Projects Implementation Unit (APIU)  
Ministry of Agriculture, Water Resources and Processing Industry (MAWRPI)  
96a, Kievskaya, Room No. 510/11  
Bishkek City 720040, Kyrgyz Republic

Ms. Elmira Ibraimova  
Executive Director  
Community Development and Investment Agency (ARIS)  
102 Bokonbavea Street,  
Bishkek City 720040  
Kyrgyz Republic

Ms. Dinara Doishenkul kyzy  
Finance Manager  
Community Development and Investment Agency (ARIS)  
102, Bokonbaev Street  
Bishke, 720040  
Kyrgyz Republic

Prepared by: Joseph P. Formoso, CTRLA

To be cleared with and cc: Adam Shayne, LEGEM  
Peter Gcodman, ECSS1