December 5, 2013

His Excellency
Minister of Finance
Ministry of Finance
Ilyinka Street 9
103097 Moscow
Russian Federation

Re: IBRD Loan 8197-RU (Forest Fire Response Project)
Additional Instructions: First Restatement of Disbursement Letter

Excellency:

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Russian Federation (the “Borrower”) for the above-referenced project, dated July 08, 2013. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8197-RU (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter is the First Restatement of the Disbursement Letter dated July 08, 2013 for the above referenced project, to provide two Designated Accounts for the project by restating:

(i) Section II. (vi) to include Designated Accounts “A” and “B” under the control and management of the PIU (FER) for activities to be implemented by the Federal Forestry Agency (FFA) under Designated Account “A”, and for activities to be implemented by the Ministry of Natural Resources and Environment (MNRE) under Designated Account “B”. As a result, the Minimum Value of Applications under Section II. (v) is revised; and

(ii) to state the name of the commercial bank at which the Designated Accounts will be opened.

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 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:

- Reimbursement
- Advance
- Direct Payment
- Special Commitments

(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.

II. Withdrawal of Loan 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  
Ulitsa Bolshaya Molchanovka, 36 Build 1.  
Moscow  
Attention: Michal Rutkowski, 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  
Regional Processing Centre  
Zagreb,  
Radnicka 80 / IX 10000-Zagreb  
Croatia  
Attention: Loan Department

(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
 subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") 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 Tokens 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 Tokens to Process Applications. By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment 5; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and 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 and Reimbursements is:

US Dollars 600,000 for Designated Account “A”; and
US Dollars 200,000 for Designated Account “B”

Exceptions to the above mentioned limits are direct payments, to be made in Russian Rubles, in an amount equivalent to USD 50,000, as per the Agreement to Release and Repurchase Russian Rubles Paid on Account of Bank Capital Subscription.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account[s] (subsection 5.3):** Segregated


Requests for the Advance for the two DAs will be submitted by the PIU ("FER"). The two Designated Accounts will remain under the management and control of the PIU ("FER") who will prepare and approve all incurred eligible expenditures and certify to their accuracy for submission of the relevant withdrawal applications for documentation of disbursements under each Designated Account separately.

- **Currency of Designated Account[s] (subsection 5.4):** US Dollars
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 requests for Reimbursement and for Reporting Eligible Expenditures Paid from the Designated Account:
  
  o Summary Sheets or Records (Attachment 3A) evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for: (i) Goods under contracts valued at USD 500,000 equivalent or more; (ii) Works under contracts valued at USD 500,000 equivalent or more; (iii) Individual Consultants under contracts valued at USD 50,000 equivalent or more; (iv) Consulting Firms and Technical Services under contracts valued at USD 100,000 equivalent or more, including those financed from Operating Costs;
  
  o "Statement of Expenditure (SOE)" in the form attached (Attachment 3B) for all other payments made for eligible expenditures under contracts below the above SOE thresholds.
  
  o List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 4);
  
  o A Designated Account activity reconciliation statement and Bank Statement should be submitted with each withdrawal application reporting on the use of Loan proceeds paid from each Designated Account.

- 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

IV. Other Important Information

From the Client Connection 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.

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 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 Jose Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Jose C. Janeiro
Senior Finance Officer
Loan Department

Attachments remain valid as provided under the original Disbursement Letter
Cc with copies:  Mr. Vladimir Lebedev  
Deputy Minister  
Ministry of Natural Resources and Environment  
4/6, Bolshaya Gruzinskaya Street  
123995 Moscow]  
Russian Federation  

Mr. Alexander Panfilov  
Deputy Head  
Federal Forestry Agency  
Pyatnitskaya str., 59/19  
115184 Moscow  
Russian Federation  

Mr. Vsevolod B. Stepanitskiy  
Deputy Head, Department of State Policy and Regulations  
Ministry of Natural Resources and Environment  
Bolshaya Gruzinskaya str., 4/6  
123995 Moscow  
Russian Federation  

Mr. Mstislav Korolkov  
General Director  
Foundation for Enterprise