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

Excellency:

Re: Kyrgyz Republic: European Union Food Crisis Rapid Response Facility  
Grant No. TF096043  
Additional Instructions: Disbursement

I refer to the Amendment to the Trust Fund (TF) Letter Agreement ("Agreement") between the International Development Association ("World Bank"), acting as administrator of grant funds provided by the European Community ("Donor") under the European Union Food Crisis Rapid Response Facility Trust Fund, and the Kyrgyz Republic (the "Recipient") for the above-referenced project, dated December 20, 2011. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF096043 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This Disbursement Letter is in response to correspondence from Deputy Minister Baigenchokov dated April 112, 2012. This Disbursement Letter is a First Restatement of the Disbursement Letter dated October 9, 2010 for the above referenced project restating Section I (iv) to change the ceiling for Advance. All other provisions of the Disbursement Letter dated July 19, 2011, 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 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 2 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement conditions (subsection 3.8) Please refer to the Disbursement Conditions 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, DC 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.
Zagreb, HR - 10 000,
Croatia
Attention: Disbursement Management Group

(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 effected 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 devices (“Tokens”) 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 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 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 Tokens to Process Applications. By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment [3]; 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/or issuance of special commitments is USD 200,000 for both implementing units.

(vi) Advances (sections 5 and 6):

a) For Agriculture Project Implementation Unit:

- Type of Designated Account (subsection 5.3): Segregated.
- Currency of Designated Account (subsection 5.4): US Dollars
- Financial Institution at which the Designated Account will be opened (subsection 5.5): a commercial bank acceptable to the World Bank.
- Ceiling (subsection 6.1): USD 1,000,000

b) For ARIS:

- Type of Designated Account (subsection 5.3): Segregated.
- Currency of Designated Account (subsection 5.4): US Dollars
- Financial Institution at which the Designated Account will be opened (subsection 5.5): a commercial bank acceptable to the World Bank.
- Ceiling (subsection 6.1): USD 2,000,000
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) for payments against contracts valued US$100,000 equivalent or more for goods, works and consulting firms and US$50,000 equivalent or more for individual consultants
  
  o Statement of Expenditure in the form attached (Attachment 4) for all other expenditures/contracts; and
  
  o List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)

- **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 download Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement 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,
INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Joseph P. Formoso
Senior Finance Officer
Loan Department

Attachments are with the original disbursement letter.
Prepared by Joseph P. Formoso

Cleared with and cc:  Adam Shayne, LEGEM,
Peter Goodman, ECSS1

Cc with copies:  Ministry of Agriculture
96 A KievskayaStreet
Kyrgyz Republic
Tel: +996 (312) 665625

Elmira Ibraimova
ARIS Executive Director

Tel: (996 312) 301805
Fax: (996 312) 624748
e-mail: Elbraimova@aris.kg