April 29, 2013

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

Excellency:

IDA Financing No. 4704-BA
(Social Safety Nets and Employment Support Project)
Additional Instructions: First Restatement

I refer to the Financing Agreement ("Agreement") between Bosnia and Herzegovina ("Recipient") and International Development Association (the "Association") for the above-referenced project, dated May 11, 2010. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of IDA Financing Credit 4704-BA ("Credit"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This letter is a First Restatement of the Disbursement Letter dated May 11, 2010 for the above referenced project, restating Section II. (iv) bullet 4 to increase the Designated Account Ceiling as follows: (i) from EUR 300,000 to EUR 600,000 for the Federation PCU (DA A); and (ii) from EUR 300,000 to EUR 600,000 for the RS PCU (DA B). As a result, the Minimum Value of Applications in Section II (iii) has been restated as EUR120,000 . All other provisions of the Disbursement Letter dated May 11, 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 Credit:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four 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 the Financing Agreement, Schedule 2, Section IV, B. 1 (b), (c).

II. Withdrawal of Credit 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 80, 9th floor.
Zagreb, HR – 10 000
Croatia
Attention: CTRLA ECA/MENA Regional Processing Center

(iii) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for direct payments and issuance of Special Commitments is EUR 120,000 equivalent.
Advanced (sections 5 and 6).

- **Type of Designated Accounts (subsection 5.3):** Segregated

- **Currency of Designated Accounts (subsection 5.4):** Euro (EUR)

- **Financial Institution at which the Designated Accounts will be opened (subsection 5.5):** Commercial banks acceptable to the World Bank.

- **Ceiling (subsection 6.1):**
  - Euro 600,000 for the Federation PCU (DA A)
  - Euro 600,000 for the RS PCU (DA B)

The term "replenishment categories" means Categories in withdrawal table set forth in paragraph A.2 of Section IV of Schedule 2 to the Financing Agreement that are eligible for use with a respective Designated Account.

Replenishment categories for DAs are as follows:
- DA A - Category 1;
- DA B - Category 2.

III. Reporting on Use of Credit Proceeds

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

- **For requests for Reimbursement:**
  - List of payments against contracts that are subject to the Bank’s prior review, in the form attached (Attachment 4)
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for works against contracts valued at US$ 500,000 equivalent or more; for goods against contracts valued at US$ 100,000 equivalent or more; for consultant services against contracts valued at US$ 100,000 equivalent or more for firms and at US$ 50,000 equivalent or more for individual consultants, and
  - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures / contracts

- **For reporting eligible expenditures paid from the Designated Account:**
  - List of payments against contracts that are subject to the Bank’s prior review, in the form attached (Attachment 4)
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for works against contracts valued at US$ 500,000 equivalent or more; for goods against contracts valued at US$ 100,000 equivalent or more; for consultant services against contracts valued at US$
100,000 equivalent or more for firms and at US$ 50,000 equivalent or more for individual consultants, and
- Statement of Expenditure in the form attached (Attachment 3) for all other expenditures/contracts

- **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 Accounts (subsection 6.3):** Replenishment applications should be submitted monthly. The replenishment applications must include reconciled bank statements as well as other appropriate supporting documents.

### IV. Other Important Information


If you have not already done so, the Association 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 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 Mr. Jose C. Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Yours sincerely,

Jose C. Janeiro
Senior Finance Officer
Loan Department

Attachments: Please note that all attachments as per the original disbursement letter dated May 11, 2010 remain valid.
Prepared by Marie Khoury - CTRLA

Cleared with and cc:  Adam Shayne, LEGLE
Boryana Gotcheva, ECSH3