February 6, 2014

H.E. Besim Beqaj
Minister of Finance
Ministry of Finance
Mother Teresa Str.
10000 Pristina
Republic of Kosovo

Republic of Kosovo: Agriculture and Rural Development Project
Single-Donor Trust Fund Grant No. TF016235
Additional Instructions: Disbursement

Excellency:

I refer to the Letter Agreement ("Agreement") between the International Development
Association ("World Bank"), acting as administrator of grant funds provided by the Government
of the Kingdom of Denmark and the Republic of Kosovo (the "Recipient") for the above-
referenced project, dated February 6, 2014. The Agreement provides that the World Bank may
issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF016235
("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.

1. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used
under the Grant:

- Reimbursement
- 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, NW
Washington, DC 20433
Attention: 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: 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 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 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](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 3; 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 for direct payments and issuance of special commitments is US$25,000 equivalent.

### 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:**
  - List of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 5);
  - Records evidencing eligible expenditures (e.g., copies of receipts, consultants' invoices for payments against contracts) for civil works contracts valued at US$1,000,000 equivalent or more; goods contracts valued at US$200,000 equivalent or more, consultants' services contracts for firms valued at US$100,000 equivalent or more; and at US$ 50,000 equivalent or more for individual consultants; and
  - Statement of Expenditure in the form attached (Attachment 4) for all other expenditures / contracts.

- **For requests for direct payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices, bills of lading evidencing eligible imports.

### IV. Other Disbursement Instructions

The expenditures to be financed, at 50%, from proceeds of this grant — Rural Development Grants under the Project, for Sub-projects — are exactly the same activities to be financed from proceeds of Part II 1. of IDA 5005 — Rural Development Grants.

IDA 5005 currently finances these expenditures, from Disbursement Category (2) at 50%.

Financing of these expenditures may be made from this Grant, from IDA 5005, or from both this Grant and from IDA 5005, in any combination of financing percentages not to exceed the financing percentages set in the respective financing agreements, and not to exceed 50% of sub-project expenditures.

There will be a single audit for the project, which will cover this Grant and IDA 5005 through consolidated annual financial statements.
V. 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 Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Yours sincerely,

By

Ellen Goldstein
Country Director
For Southeastern Europe
Europe and Central Asia Region

Attachments - Note: all attachments as per IDA 5005’s Disbursement Letter dated July 26, 2011 remain valid and apply for purposes of this Disbursement Letter.

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of “Statement of Expenditure”
5. Form of Payments Against Contracts Subject to the Association’s Prior Review
Jose C Janeiro

Cleared with and cc: Nightingale Rukuba-Ngaza, LEGLE
               Meeta Sehgal, ECSAR