September 9, 2013

H.E. Ms. Olga Lavrova
Minister of Finance
Ministry of Finance
58, Erkindik Boulevard
Bishkek 720040
Kyrgyz Republic

Excellency:

Re: Grant No. TF012550- (READ – Phase II Project)
Additional Instructions: Second Restatement Disbursement

I refer to the Letter Agreement ("Agreement") between the International Development Association ("World Bank"), acting as Administrator of grant funds provided by the Russian Federation ("Donor") under the Russian Education Aid for Development (READ) Trust Fund, and the Kyrgyz Republic (the "Recipient") for the above-referenced project, dated February 13, 2013. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF012550 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

I refer to the Deputy Minister of Finance M. Baigonchokov’s letter dated August 21, 2013, addressed to the Bank. We concur with your request to change the financial institution at which the Designated Account will be opened to a commercial bank, in lieu of the National Bank of the Kyrgyz Republic. In response, this Revised Disbursement Letter replaces the latest Restated Disbursement Letter dated August 7, 2013, for the above referenced project.

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

(ii) 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 four months after the Closing Date specified in the 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 section 3.02 of the Annex to the 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, 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, 9th floor.
Zagreb, HR – 10 000
Croatia
Attention: Disbursement Management

(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 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 is US$ 100,000

(vi) Advances (sections 5 and 6).

- **Type of Designated Account[s] (subsection 5.3):** Segregated
- **Currency of Designated Account[s] (subsection 5.4):** United States Dollars (USD)
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** OJSC Optima Bank (formerly OJSC UniCredit Bank) (ENEJK22XXX)
- **Ceiling (subsection 6.1):** US$200,000

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:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments 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;
  - Statement of Expenditures in the form attached -(Attachment 4) for all other expenditures / contracts; and
  - 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.
(iii) Other Supporting Documentation Instructions

Copies of the bank statements of the Designated Account and a reconciliation statement for this account should be submitted with each Application for replenishment.

IV. Other Important 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 Joseph P. Formoso, Senior Finance Officer at LOA-ECA@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Joseph P. Formoso
Senior Finance Officer
Loan Department

Attachments remain valid as under the original Disbursement Letter:
Cc with copies: Mr. Kanatbek Sadykov
Minister of Education and Science
Ministry of Education and Science
257, Tynystanova Str.
Bishkek 720040
KYRGYZ REPUBLIC

Prepared by: Ma Dessirie Kalinski (CTRLA)