

W 8596-BG



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

March 31, 2016

Mr. Radoslav Milenkov
Chairman of the Management Board
Bulgarian Deposit Insurance Fund
27 Vladayska Street
1606 Sofia, Bulgaria

Dear Mr. Milenkov:

**Re: IBRD Loan 8596-BG (Deposit Insurance Strengthening Project)
Additional Instructions: Disbursement**

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the Bulgarian Deposit Insurance Fund (the “Borrower” or the “BDIF”) for the above-referenced project, dated as of the Signature Date. The Loan Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8596-BG (“Loan”). 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 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:

- Advance
- Direct Payment

(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).

An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the 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: Arup Banerji, Country Director, ECCU5

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, 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 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 and to receive secure identification credentials ("SIDC") 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 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>). 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 SIDC to Process Applications. By designating officials to use SIDC 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 Credentials in connection with Use of Electronic Means to Process*

Applications and Supporting Documentation (“Terms and Conditions of Use of Secure Identification Credentials”) 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 is not applicable to the project.

(vi) Advances (sections 5 and 6).

- *Type of Designated Account (subsection 5.3):* Segregated
- *Currency of Designated Account (subsection 5.4):* Euro
- *Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):* Bulgarian National Bank (BNBGBG)
- *Ceiling (subsection 6.1):* Euro 100,000,000

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 reporting eligible expenditures paid from the Designated Account:*
 - Customized Statement of Expenditure in the form attached (Attachment 4), providing evidence of funding of the BDIF;
 - Designated account reconciliation statement (Attachment 5) and related bank statement providing evidence of the closing balance for the reported period;
 - Designated account bank statement showing the transfer(s) from the Bulgarian National Bank account to the BDIF foreign currency account no. BG41BNBG96611100999940;
 - Bank statement of the BDIF foreign currency account no. BG41BNBG96611100999940 showing the receipt(s) of funds from the Designated Account; and
 - Confirmation of Results Achievement Notification by the Bank, informing the Borrower that it has accepted evidence of achievement, in part or in full, as applicable, of a specific DLI(s) and the corresponding amount(s), as per Schedule 4 of the Loan Agreement, in the form attached (Attachment 6). Such formal notification would be sent in response to the Results Achievement Notification received from the Borrower, prepared in the form attached (Attachment 7), providing evidence of the relevant results achievement.
- *For requests for Direct payment into the BDIF foreign currency account*:*

- Confirmation of Results Achievement Notification by the Bank, informing the Borrower that it has accepted evidence of achievement, in part or in full, as applicable, of a specific DLI(s) and the corresponding amount(s), as per Schedule 4 of the Loan Agreement, in the form attached (Attachment 6). Such formal notification would be sent in response to the Results Achievement Notification received from the Borrower, prepared in the form attached (Attachment 7), providing evidence of the relevant results achievement.

* EUR transfers to be made to IBAN: BG41BNBG96611100999940, via BNB TARGET2 account, IBAN: BG83BNBG96611100066141, S.W.I.F.T. code BNBGBGSF.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly, or more frequently if needed.

IV. Other Disbursement Instructions

The independent ex-post verification of the DLIs achievement would be required under the extended scope of the entity's annual audit. In addition, the Bank would reserve the right to request an ex-ante independent verification of the DLIs achievement at any time during the project life, as needed, through an agreed upon audit procedure.

V. Other Important Information

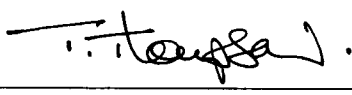
For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

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 Jasna Mestnik, Finance Officer, at jmestnik@worldbank.org, using the above reference.

Yours sincerely,

By 

Antony Thompson
Country Manager
Bulgaria

Attachments:

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013
4. Form of customized "Statement of Expenditure"
5. Form of Designated Account Reconciliation Statement
6. Confirmation of Results Achievement Notification to the Borrower
7. Results Achievement Notification from the Borrower to the Bank

Prepared by: Jasna Mestnik, Finance Officer - WFALA

Cleared with and cc: Gabriela Grinsteins, Country Lawyer - LEGLE
Alexander Pankov, Task Team Leader - GFMDR

Cc with copies: Mr. Vladislav Goranov
Minister of Finance
Ministry of Finance
102 Rakovski Street
1040 Sofia, Bulgaria

Form of Authorized Signatory Letter

[Letterhead]
[Borrower]
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Re: Loan No. ____-BG (Deposit Insurance Strengthening Project)

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development (the "Bank") and the Bulgarian Deposit Insurance Fund (the "Borrower"), dated _____, providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any ¹[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

For the purpose of delivering Applications to the Bank, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting ³[individually] ⁴[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in 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"), the Borrower represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

¹ Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the Bank.*

² Instruction to the Borrower: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the Bank.*

³ Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Bank.*

⁴ Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Bank.*

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

**Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

March 1, 2013

The World Bank (Bank)¹ will provide secure identification credentials (SIDC) to permit the Borrower² to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

¹ "Bank" includes IBRD and IDA.

² "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.
3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.
2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.
3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:
4. ***Security***
 - 4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
 - 4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.
 - 4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
 - 4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. ***Reservation of Right to Disable SIDC***

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User's Account or both.

6. ***Care of Physical Tokens***

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at <http://www.rsa.com>.

7. ***Replacement***

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User's Account.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
STATEMENT OF EXPENDITURE (SOE)
TRANSFERS TO BDIF

LOAN NO.:
APPLICATION NO.:
CATEGORY NO.:

Supporting documents required with this SOE:
1) Bank statements - DA and BDIF account
2) Confirmation letter from CD to the Borrower

1	2	3	4	5	6	7	8	9	10
Amount transferred from the Loan Account into DA (EUR) (as per bank statement)	Date of transfer into DA (as per bank statement)	Amounts transferred from the DA into BDIF foreign currency account (EUR) (as per bank statement)	Date of transfer into BDIF foreign currency account (as per bank statement)	Amount reported as achieved to the World Bank, per DLI* (EUR)	Amount paid from the DA and deemed eligible as per confirmation letter from CD, documented in this WA** (EUR)	DLIs disbursed and reported in this WA	% of achievement for each DLI listed in column 9	DLIs balances carried forward (as applicable)	Remarks/ Comments
0.00		0.00		0.00	0.00				

* Based on the Results Achievement Notification Letter to the WB
**Based on the Confirmation of Results Achievement Notification to Borrower

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER _____
 ACCOUNT NUMBER _____ WITH (BANK) _____

- 1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) EUR _____
- 2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - EUR _____
- 3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2) = EUR _____

- 4. BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE _____ EUR _____
- 5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. _____ + EUR _____ *
- 6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: _____ + EUR _____ *
- 7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS

<u>APPLICATION NO.</u>	<u>AMOUNT *</u>
_____	_____
_____	_____

- SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED + EUR _____
- 8. MINUS: INTEREST EARNED - EUR _____ *
- 9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = EUR _____

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:

11. DATE: _____ SIGNATURE: _____
 TITLE: _____

CONFIRMATION OF RESULTS ACHIEVEMENT NOTIFICATION TO BORROWER

The World Bank
 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
 INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
 Washington, D.C. 20433
 U.S.A.

(202) 473-1000
 Cable Address: INTBAFRAD
 Cable Address: INDEVAS

[DATE]

[Borrower]

[Address]

Subject: Loan No. ____ - ____ (Deposit Insurance Strengthening Project)
 Confirmation of Results Achievement Notification

Dear [Name],

Thank you for your Results Achievement Notification, dated _____. In accordance with the provisions of Schedule 2, Section III.B.2. of the Loan Agreement, we are pleased to confirm that the information provided in your notification serves as satisfactory evidence demonstrating that the Disbursement Linked Indicators (DLIs) in the below table have been achieved. As a result, the following Loan proceeds are available for disbursement under this Confirmation.

DLI (e.g. 1, 2, 3)	DLI (e.g. 1.1, 1.2, 2.1)	Verified result achieved	DLI Loan proceeds available for disbursement under this Confirmation (in EUR)

¹We cannot confirm at this time the full achievement of DLIs [for e.g. DLI#1.1_____]. For such DLI(s), please provide additional information as evidence of DLI achievement. We will promptly inform you as soon as we are able to confirm the achievement of such DLI(s).

At your convenience, please provide a signed Withdrawal Application (Form 2380), together with this Confirmation, online through Client Connection or by mail to the World Bank at the

¹ Insert this text for any results not accepted or that cannot be confirmed.

address indicated below:

The World Bank
Radnicka cesta 80, 9th floor
Zagreb, HR - 10 000
Croatia
Attention: Loan Department

²In the event that Advances have been previously made against these specific DLI('s), the Advance will be deducted from the amount to be disbursed for DLIs achieved and any remaining balance will be available for disbursement.

We also wish to notify you, that the amount disbursed will be charged to the Loan Account in the currency of the Loan, subject to the limits of the remaining balances in the Bank's records in the currency of commitment of the Bank financing for: (a) the remaining undisbursed amount of the Bank financing and (b) the limit of the specific DLI.

Sincerely yours,

[Name]

Country Director

² Insert this text if Advances had previously been made against the specific DLI's.

RESULTS ACHIEVEMENT NOTIFICATION

[Borrower Letterhead]

[Street address]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Attention: [*Country Director*]

Re: Loan No. ____ - ____ (Deposit Insurance Strengthening Project)

Results Achievement Notification

Dear Sir/Madam

I refer to the Loan Agreement (the “Agreement”) between the International Bank for Reconstruction and Development (the “Bank”) and the Bulgarian Deposit Insurance Fund (the “Borrower”), dated _____.

Pursuant to Schedule 2, Section III. B.2. of the Agreement, we are pleased to inform you that the following Disbursement Linked Indicator(s) (DLI), under the respective Disbursement Linked Indicator (DLI) stipulated in Schedule 4 of the Agreement, [has/have] been achieved:

DLI (e.g. 1, 2, 3)	DLI (e.g. 1.1, 1.2, 2.1)	Result achieved under this Notification

Achievement of [this/these] result(s) has been verified according to the Verification Protocols for Achievement of DLIs as referred to in the Project Appraisal Document and the Operations Manual. Enclosed with this letter as Annex(es) () – () is the evidence of achievement relevant to each of the above-mentioned DLIs.

Sincerely,

[Name, Position]³

³ To be signed by legal representative of the Borrower.