



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

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U.S.A.

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Cable Address: INTBAFRAD
Cable Address: INDEVAS

March 28, 2016

Mr. Nodar Khaduri
Minister of Finance
Ministry of Finance
16 Gorgasali Street
Tbilisi, Georgia

Excellency:

Re: IBRD Loan 8599-GE (GEORGIA – Secondary Road Asset Management Project) Additional Instructions: Disbursement

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Georgia (the “Borrower”) for the above-referenced project, dated March 28, 2016. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8599-GE (“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

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four 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, NW
Washington, DC 20433
Att: Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) 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 devices ("Tokens") 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 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 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 Tokens to Process Applications. By designating officials to accept Tokens 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 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) Advances (sections 5 and 6)

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** USD
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** Treasury Account of the Ministry of Finance of Georgia with the National Bank of Georgia

- **Ceiling (subsection 6.1):** forecast for 2 quarters as provided in the Interim Financial Report.

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 requests 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)
 - Interim Financial Report (IFRs) in the form attached (Attachment 3) **and** satisfactory evidence of attainment of results/DLIs

Note: *With regard to Disbursement Category 1 (which is linked to DLIs): in addition to a sufficient amount of eligible expenditures reported through IFRs, confirmation, by the Bank to the Borrower, of the achievement of one or more DLIs, and the corresponding amount, is required for purposes of converting outstanding advances into eligible expenditures to be charged to this disbursement category.*

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account – (subsection 6.3): the period set out in the Loan Agreement for provision of Interim Financial Reports (quarterly).

IV. Other Disbursement Instructions – with regard to:

Disbursement Category 1: the financing of eligible expenditures from Disbursement Category 1 depends on the achievement of results measured by DLIs. While advances may be made, as necessary and as approved by the Bank’s Task team Leader, every quarter, for a period not to exceed six-months of estimated eligible expenditures, any conversion of outstanding advances into eligible expenditures to be charged to this category will require: an amount at least equivalent of eligible expenditures reported in the quarterly IFRs **and** clear confirmation, by the Bank, of the achievement of one or more DLIs, on the basis of the DLI audits and/or progress reports, and the related amounts corresponding to the level of achievement of results.

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 Jose Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Yours sincerely,



Mercy Miyang Tembon
Country Director

South Caucasus, Europe and Central Asia Region

Attachments:

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. Form of insert "Interim Financial Report"
4. Form of Payments Against Contracts Subject to the Bank's Prior Review
5. "*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

Cleared with and cc: Ignacio Jauregui, Country Lawyer
Natalya Stankevich Task Team Leader

Form of Authorized Signatory Letter
[Letterhead]
Ministry of Finance
[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. 8599-GE (Secondary Road Asset Management Project)

I refer to the Loan Agreement (“Agreement”) between the International Bank for Reconstruction and Development (the “Bank”) and [name of borrower] (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.

⁵[This confirms that the Borrower is authorizing such persons to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of Tokens”), the Borrower

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.*

⁵ Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the Bank.*

represents and warrants to the Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.]

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]

**Payments Made during Reporting Period
Against Contracts Subject to the Bank's Prior Review**

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

January 20, 2010

The World Bank (Bank)¹ will provide secure identification devices (Tokens) 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.

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 Tokens 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 delivery of Tokens. 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. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.
2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

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.

3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.
4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a "Token User". The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.
5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.
6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.
2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.
3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.
4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

- 4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
- 4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.
- 4.3. The Token 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 Token User believes a third party has learned his/her PIN or has lost his/her 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 Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

Care of Tokens

4.6. 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, 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. 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 Token.

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

5. ***Replacement***

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

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

6. ***Reservation of Right to disable Token***

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

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

**Interim Un-audited Financial Report (IFR)
Report for Current Period
Cash basis**

Project Name:
Project/Credit No:
Implementing PIU name:

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**Credit/Loan GE -
Project Cash Forecast (Part I)
as at**

Discription of Component		in US Dollars						
		(a)Additional Cash Requirement for 2-nd Quarter ending 30.06.2016	(b) Cash Requirement for 3-rd Quarter ending 30.09.2016	(c) = (a) + (b) Total Cash Requirement for 9 mons. ending 30.09.2016	(d) 100% Gov't Financed Expenditures	(e) Gov't & IBRD Financed Expenditures	(f) IBRD Eligible %	(g) = (e) x (f) IBRD Eligible Cash Requirement for 9 mons. ending 30.09.2016
1)	Component 1 Civil Works DLI Contracts Civil Works Non DLI Contracts Technical Supervision DLI Contract Land Costs						80%	
2)	Component 2 Detail Design DLI Contract Consultancy_ Individual Consultants Non DLI Contracts						80%	
Total								

Component 1_Civil Works_DLI Contracts		US Dollars						
		Actual Costs for the 1- st QRT	Actual Costs for the 1- st QRT IBRD SHARE	Cash Requested for the 1-st QRT IBRD Share	Reserve /Overdraft for the 1-st QRT IBRD Share	Cash Requested for the 2-nd QRT IBRD Share	Additional Cash Requirements for the 2-nd QRT IBRD Share	Cash Requirements for the 1-st QRT IBRD Share
1	SRAMP/CW/ICB-01							
2	SRAMP/CW/ICB-02							
Total								

Component 1_1 and Costs_100% G.O.G. Share Financing		US Dollars						
		Actual Costs for the 1-st QRT	Actual Costs for the 1-st QRT IBRD SHARE	Cash Requested for the 1-st QRT IBRD Share	Reserve /Overdraft for the 1-st QRT IBRD Share	Cash Requested for the 2-nd QRT IBRD Share	Additional Cash Requirements for the 2-nd QRT IBRD Share	Cash Requirements for the 1-st QRT IBRD Share
1	Land Costs 1-st QRTR							
	Total							

Component 2 Individual Consultants Non D.I.C Contracts	US Dollars						
	Actual Costs for the 1-st QRT	Actual Costs for the 1-st QRT IBRD SHARE	Cash Requested for the 1-st QRT IBRD Share	Reserve /Overdraft for the 1-st QRT IBRD Share	Cash Requested for the 2-nd QRT IBRD Share	Additional Cash Requirements for the 2-nd QRT IBRD Share	Cash Requirements for the 2-nd QRT IBRD Share
Individual Consultants Contracts 1- st QRT							
1 SRAMP/CS/ICS-01							
2 SRAMP/CS/ICS-02							
3 SRAMP/CS/ICS-03							
4 SRAMP/CS/ICS-04							
5 SRAMP/CS/ICS-05							
6 SRAMP/CS/ICS-06							
Total							

**Interim Un-audited Financial Report (IFR)
Report for Current Period
Cash basis**

Project Name:
Project/Credit No:
Implementing PIU name:

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Summary of Project Sources & Uses of Funds
For the period from 01/01/2016 to 31/03/2016 (in USD Currency)

	<i>Actual</i>			<i>Planned</i>			<i>Variance</i>			<i>PAD/I</i>
	<i>Current semester</i>	<i>Year to Date` YTD</i>	<i>Cumulative to Date</i>	<i>Current semester</i>	<i>Year to Date` YTD</i>	<i>Cumulative to Date</i>	<i>Current semester</i>	<i>Year to Date` YTD</i>	<i>Cumulative to Date</i>	<i>Life of Project</i>
Sources of Funds										
IBRD Financing										
Government Funds										
Other										
Total	0	0	0	0	0	0	0	0	0	
Income from sale of bidding documents										
Plus (income) or minus (loss)										
Foreign Exchange Difference										
Total	0	0	0	0	0	0	0	0	0	
Less:										
Uses of Funds										
Category/ies										
Total	0	0	0	0	0	0	0	0	0	0
Net flow of funds	0	0	0	0	0	0	0	0	0	

Summary of Uses of Funds by Project Components
For the period from 01.01.2016 to 31.03.2016 (in USD Currency)

Project Components/Activities	Actual			Planned			Variance			PAD Life of project
	Current semester	Year to Date` YTD	Cumulative to Date	Current semester	Year to Date` YTD	Cumulative to Date	Current semester	Year to Date` YTD	Cumulative to Date	
1. Component A										
<u>Subcomponent A.1</u>										
<u>Subcomponent A.2</u>										
2. Component B										
<u>Subcomponent B.1</u>										
<u>Subcomponent B.2</u>										
Total Project Expenditure										

NOTES:

Balance Sheet
as at 31.03.2016

<u>Cash and cash equivalents:</u>	
	x
Designated Account (USD) - (Loan XXXX)	x
Local currency account (GEL)	x
Bidding documents sales fees account (GEL)	x
	x
Project expenditures	x
Foreign exchange difference (if net loss)	x
Total assets	x
Income from sales of bidding documents	x
<u>Funding:</u>	
	x
IBRD (Loan No.XXX)	
Government	x
Other	x
	x
Foreign exchange difference (if net income)	x
Total liabilities	x

NOTES:

Designated Account (DA) Statement
Credit No. XXXX
as at 31.03.2016

1	Opening Balance as at 01.01.2016	
	Add:	
2	Cumulative unexplained discrepancy	
	IDA advance/replenishment during the current	
3	quarter	
4	Less: Refund to IDA from DA during the current quarter	
5	Present outstanding amount advanced to DA	0.00
	DA closing balance as at 31/03/2016 carried forward to	
6	next period	
	Add: Amount of eligible expenditures paid during the	
7	current quarter	
8	Service charges (if debited into DA)	
9	Less: Interest earned (if credited into DA)	
10	Total advance accounted for	0.00
11	Discrepancy(5)-(10) to be explained //	-

NOTES:

Statement of Expenditure (SOE) Withdrawal Schedule
as at 31.03.2016

W/A	Expenditure categories				Total
	Category/ies				
	sum	sum	sum	sum	sum

**Credit/Loan GE -
Project Cash Forecast (Part I)
as at 31.03.2016**

Description of Component	in US Dollars						
	(a) Additional Cash Requirement for 2-nd Quarter ending	(b) Cash Requirement for 3-rd Quarter ending	(c) = (a) + (b) Total Cash Requirement for 9 mos. ending	(d) 100% Gov't Financed Expenditures	(e) Gov't & IBRD Financed Expenditures	(f) IBRD Eligible %	(g) = (e) x (f) IBRD Eligible Cash Requirement for 9 mos. ending
	30.06.2016	30.09.2016	30.09.2016				30.09.2016
Component 1							
Civil Works						80%	
Land Costs							
Component 2						80%	

Credit/Loan GE -
Project Cash Forecast (Part II)
in US Dollars

	<u>USD</u>
Projected IDA/IBRD eligible expenditure for the six months ending	
Less: amount to be paid through Direct Payment or Special Commitment	
Less: DA balance as of end of reporting quarter, i.e.,	
Requested amount to be advanced to SA	