

5529-BA

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

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July 21, 2014

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

Excellency:

**Re: IDA Financing Credit No. 5529-BA (Floods Emergency Recovery Project)  
Additional Instructions: Disbursement**

I refer to the Financing Agreement between the International Development Association (the "Association") and Bosnia and Herzegovina (the "Recipient") for the above-referenced project, dated July 21, 2014. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing Credit No. 5529-BA ("Financing"). 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 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 Financing:

- Reimbursement
- Advance – this method is not available for Disbursement Categories (1), (3) and (5)
- Direct Payment
- Special Commitment – this method is not available for Disbursement Categories (1), (3) and (5).

**(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.

## II. Withdrawal of Financing Proceeds

### *(i) Authorized Signatures (subsection 3.1).*

[An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank  
Vienna Office  
Praterstrasse 31 – 21st Floor  
1020 Vienna  
Austria  
Attention: Ellen 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, 9<sup>th</sup> floor.  
Zagreb, HR – 10 000  
Croatia  
Attention: Loan Department

*(iii) Electronic Delivery (subsection 3.4)* The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association's Client Connection, web-based portal. The option to deliver Applications to the Association 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 Association 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 Association agrees, the Association 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 Association 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 Euro 300,000 for Designated Account A, Euro 300,000 for Designated Account B and Euro 100,000 for Designated Account C.

(vi) **Advances (sections 5 and 6).**

**Designated Account A - for Part A of the project to be implemented by the Federation of Bosnia-Herzegovina – Project Implementation Unit in MOAWMF:**

- **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):** A commercial bank acceptable to the Association
- **Ceiling (subsection 6.1):** 1,500,000

**Designated Account B - for Parts B of the project to be implemented by the Republika Sprska – Project Implementation Unit APCU in MOAFWM:**

- **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):** A commercial Bank acceptable to the Association
- **Ceiling (subsection 6.1):** 1,500,000

**Designated Account C - for Part C of the project (Brcko District) to be implemented by the Republika Sprska – Project Implementation Unit APCU in MOAFWM:**

- **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):** A commercial Bank acceptable to the Association
- **Ceiling (subsection 6.1):** 500,000

### **III. Reporting on Use of Financing Proceeds**

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

**For Disbursement Categories (1), (3) and (5) of the Financing Agreement :**

Withdrawal Applications for expenditures to be claimed under Disbursement Categories (1), (3) or (5) must:

1. be prepared separately and exclusively for Disbursement Category (1), (3) or (5)
2. be fully documented,
3. be approved and cleared by the Bank's Task Team Leader

The disbursement methods for Disbursement Categories (1), (3) and (5) will be Reimbursement and Direct Payments. The disbursement method, when using the retroactive financing covenant of the Financing Agreement, will be Reimbursement.

However, it is possible that some expenditures be financed from Disbursement Categories (1), (3) and (5) will be disbursed using the Direct Payment method, for payments to be made after the signing of the Financing Agreement, for which the retroactive financing covenant will not apply.

The disbursement method – Advances – is not allowed for Categories (1), (3) and (5).

- ***For requests for Reimbursements:***
  - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4)
  - Records – “Statements of Expenditure (Attachment 3A) with supporting documentation - evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for all payments made – Bank's Task Team Leader approval and clearance will be required for all withdrawal applications
- ***For requests for Direct Payment:*** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices - Bank's Task Team Leader approval and clearance will be required for all withdrawal applications ( note: no retroactive financing)

**For Disbursement Categories (2), (4) and (6) of the Financing Agreement**

- ***For requests for Reimbursement and for reporting eligible expenditures paid from Designated Accounts:***
  - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4)
  - Records – “Statements of Expenditure (Attachment 3A) with supporting documentation - evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for works against contracts valued at Euro 750,000 equivalent or more; for goods against contracts valued at Euro 250,000 equivalent or more; for consultant services against contracts valued at Euro 75,000 equivalent or more for firms and at Euro 35,000 equivalent or more for individual consultants, and

- Statement of Expenditure without supporting documentation in the form attached (Attachment 3B) for all other expenditures / contracts, including Training and Incremental Operating Costs, and
- A Designated Account reconciliation statement
- ***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

#### **IV. Other Important Information**

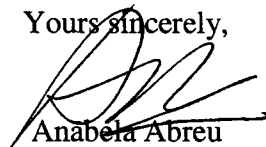
For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Association's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

From the Client Connection website, you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement 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 prepare and deliver Applications, monitor the near real-time status of the Financing, 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 Association by email at <[clientconnection@worldbank.org](mailto:clientconnection@worldbank.org)>.

If you have any queries in relation to the above, please contact Jose Janeiro, Senior Finance Officer at [jjaneiro@worldbank.org](mailto:jjaneiro@worldbank.org) using the above reference.

Yours sincerely,



Anabela Abreu  
Country Manager for Bosnia and Herzegovina  
Europe and Central Asia Region

Attachments / N 1277

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006.
2. Form for Authorized Signatures.
3. Form of Records – “Summary Sheet/Statement of Expenditures” (attachment 3A - with supporting documents) evidencing eligible expenditures; “Statement of Expenditure” in the form attached (Attachment 3B – without supporting documentation); “Statement of Expenditure” in the form attached (Attachment 3C for Scholarships – without supporting documentation).
4. Form of Payments against Contracts Subject to the Bank’s Prior Review.
5. *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated January 20, 2010.

- cc with copies:
1. Project Coordination Unit  
FBH Ministry of Agriculture, Water Management and Forestry  
Marka Marulica 2  
Sarajevo, Bosnia and Herzegovina  
Email: [alozj.dundjer@tel.net.ba](mailto:alozj.dundjer@tel.net.ba)
  2. Agriculture Project Coordination Unit  
RS Ministry of Agriculture, Water Management and Forestry  
Trg RS 1  
Banja Luka, Bosnia and Herzegovina  
Email: [r.jeftic@mps.vladars.net](mailto:r.jeftic@mps.vladars.net)