December 19, 2012

H. E. Ch. Ulaan
Minister of Finance
Ministry of Finance
United Nations Street 5/1
Ulaanbaatar — 210646
Mongolia

Re: EC-AHI Trust Fund Grant No. TF013110
Capacity Building for Emerging Infectious Disease Preparedness and Response in Mongolia
Project

Additional Instructions: Disbursement
First Restatement

Excellency:

I refer to the Letter Agreement ("Agreement") entered into between Mongolia ("Recipient") and the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of the European Commission Avian and Human Influenza Trust Funds, for the above-referenced project, dated September 25, 2012. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF013110 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This Disbursement Letter is a First Restatement of the Disbursement Letter dated September 25, 2012 for the above referenced project restating Section II(vi) to increase the designated account ceiling from US$500,000 to US$900,000; and Section IV(2) to increase the operating account ceiling from US$20,000 to US$50,000. All other provisions of the Disbursement Letter dated September 25, 2012, except as amended, shall remain in force and effect.

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

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

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four 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 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  
5F, MCS Plaza Building  
Seoul Street-4  
Ulaanbaatar 210644  
Mongolia  
Attention: Country Director, Mongolia

(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  
5F, MCS Plaza Building  
Seoul Street-4  
Ulaanbaatar 210644  
Mongolia  
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Recipient may deliver Applications to the World Bank through the World Bank's Client Connection, web-based portal, by completing Form 2380, which is accessible through Client Connection (http://clientconnection.worldbank.org). Officials of the Recipient may deliver Applications electronically on behalf of the Recipient if they: (a) have been designated in writing by the Recipient, pursuant to the terms of subparagraph (i) of this Section, to sign and deliver Applications by electronic means and to receive secure identification devices ("tokens") from the World Bank, (b) are registered as users of Client Connection, and (c) have received from the World Bank Tokens for such purpose. This constitutes and additional means of delivering Applications to the World Bank. The Recipient may continue to exercise the option of preparing and delivering Applications in paper format. The World Bank reserves the right, and may in its sole discretion, temporarily or permanently, to disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating authorized signatories to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms its agreement to abide by and to cause the authorized signatories to abide by the Terms and Conditions of Use of Secure Identification Device in connection with Use of Electronic Means to Process Applications for Withdrawal and Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment 2. The Recipient also represents and warrants to the World Bank (and such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of use of Tokens, shall be relied upon by the World
Bank) that the Recipient shall deliver the Terms and Conditions of Use of Tokens to each authorized signatory and shall cause each authorized signatory to be bound 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 (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** United States Dollars (USD)
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** A commercial bank acceptable to the Bank
- **Ceiling (subsection 6.1):** US$ 900,000

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:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the World Bank’s prior review in the form attached (Attachment 5); and
  - Statement of Expenditures in the form attached (Attachment 4) for all other expenditures / contracts.

- **For reporting eligible expenditures paid from the Designated Account:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the World Bank’s prior review in the form attached (Attachment 5);
  - Statement of Expenditures in the form attached (Attachment 4) for all other expenditures / contracts; and
  - A designated account reconciliation (Attachment 6) and related bank 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 6.1):** Monthly.

IV. Other Instructions

1) The Designated Account (DA) will be managed by the Project Management Office (PMO).

2) In order to facilitate payment of small expenditures related to incremental operating costs, the advances in the DA may be further advanced to an operating account (OA) maintained by the PMO in Mongolian Tugrug. The ceiling to the OA is limited to US$ 50,000, and it shall be accounted for and reconciled with the balance in the DA on a monthly basis. Any excessive further advances in OA, which cannot be fully used by the disbursement deadline, must be returned to the DA.
V. 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. 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 a Finance Officer by sending an email to loa-tf@worldbank.org using the trust fund number as a reference.

Yours sincerely,

Vidya Narasimhan
Finance Officer

Attachments as previously provided in the original letter.