H.E. Mr. Vjekoslav Bevanda  
Minister of Finance and Treasury  
Ministry of Finance and Treasury  
Trg BiH 1  
71000 Sarajevo  
Bosnia and Herzegovina

Re: IBRD Loan No. 8640-BA  
Federation Road Sector Modernization Project  
Additional Instructions: Disbursement and Financial Information Letter (DFIL)  
First Revision to DFIL dated November 9, 2016

Excellency,

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development ("Bank"), and Bosnia and Herzegovina (the "Borrower") for the above-referenced project. The General Conditions, as defined in the Loan Agreement, provide that the Borrower may from time to time request withdrawals of Loan Amounts from the Loan Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the World Bank may specify from time to time by notice to the Borrower. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter ("DFIL"), and may be revised from time to time.

This first revised version includes changes to the provisions on the Minimum Value of Applications and replaces the DFIL dated November 9, 2016, for the above referenced Project.

I. Disbursement Arrangements, Withdrawal of Loan Funds and Reporting on Uses of Loan Funds


(i) Disbursement Arrangements

The table in Schedule 1 sets out the disbursement methods which may be used by the Borrower, conditions, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Accounts.

(ii) Electronic Delivery. Refer to section 10.01 (c) of the General Conditions.
The World Bank may permit the Borrower to electronically deliver applications (with supporting documents) through the World Bank’s web-based portal (https://clientconnection.worldbank.org) “Client Connection”. This option may be effected if the officials designated in writing by the Borrower who are authorized to sign and deliver Applications have registered as users of “Client Connection”. The designated officials may deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Borrower confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the World Bank by electronic means. The Borrower 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 Borrower. 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, available in the World Bank’s public website at https://worldbank.org and “Client Connection”; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits

(i) Financial Reports. The Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFR”) for the Project covering the respective quarter.

(ii) Audits. The Borrower shall have the Project’s Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit shall cover the period of one fiscal year of the Borrower. For each such period, the audited Financial Statements for the Project shall be (a) furnished to the Bank not later than six (6) months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

III. Other Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank’s public website and “Client Connection”. The World Bank recommends that you register as a user of “Client Connection”. 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. 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 Luis Schwarz, Finance Officer at lschwarz@worldbank.org, with copy to Marina Mijatovic, Finance Analyst at mmijatovic@worldbank.org using the above reference.

Yours sincerely,

Luis Schwarz
Finance Officer
World Bank Group Finance and Accounting
Attachments
1. World Bank Disbursement Guidelines for Projects, dated February 1, 2017
2. Form of Authorized Signatory Letter
3. Form of Interim Financial Report (IFR)
## Schedule 1: Disbursement Arrangements

### Basic Information

<table>
<thead>
<tr>
<th>Loan Number</th>
<th>IBRD 8640-BA</th>
<th>Country</th>
<th>Bosnia and Herzegovina</th>
<th>Closing Date</th>
<th>Section IV B.1. of Schedule 2 to the Loan Agreement</th>
</tr>
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<tbody>
<tr>
<td>Borrower</td>
<td>Ministry of Finance and Treasury</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of the Project</td>
<td>Federation Road Sector Modernization Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement Deadline Date</td>
<td>Subsection 3.7 **</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Date</td>
<td>Four (4) months after the closing date</td>
<td></td>
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</table>

### Disbursement Methods, and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods Section 2 (**)</th>
<th>Methods Available</th>
<th>Supporting Documentation Subsections 4.3 and 4.4 (**)</th>
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<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of Records</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Interim Financial Report (IFR) in the format provided in Attachment 3 of this letter</td>
</tr>
<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>Interim Financial Report (IFR) in the format provided in Attachment 3 of this letter</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>No</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### Designated Account (Section 5 and 6 **)

<table>
<thead>
<tr>
<th>Type</th>
<th>Segregated</th>
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</thead>
<tbody>
<tr>
<td>Financial Institution - Name</td>
<td>Commercial bank acceptable to the World Bank</td>
</tr>
<tr>
<td>Frequency of Reporting, Subsection 6.3 (**)</td>
<td>Quarterly</td>
</tr>
</tbody>
</table>

### Minimum Value of Applications (subsection 3.5)

The Minimum Value of Applications for Reimbursement and Direct Payment is EUR 600,000 equivalent.

**Authorized Signatures** (Subsection 3.1 and 3.2 **) The form for Authorized Signatories Letter is provided in Attachment 1 of this letter

**Withdrawal and Documentation Applications** (Subsection 3.3 and 3.4 **)

The World Bank  
Radnicka cesta 80, 9th floor  
Zagreb, HR-10000  
Croatia  
Attention: Loan Department (WFACS)

### Additional Instructions

**N/A**

**Other**

**N/A**