

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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**CONFORMED COPY**

November 16, 2011

Mr. Bolat Zhamishev  
Minister of Finance  
Ministry of Finance  
11 Pobedy Street  
Astana 010000  
Republic of Kazakhstan

Dear Mr. Zhamishev,

**Re: IBRD Loan 7681- KZ (South West Roads Project: Western Europe-Western China  
International Transit Corridor (CAREC-1b & 6b)  
Additional Instructions: Disbursement**

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Republic of Kazakhstan (the “Borrower”) for the above-referenced project, dated June 13, 2009. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 7681- KZ (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

I refer to Vice-Minister Sebnem Dalenov’s letter dated November 11, 2011 addressed to the World Bank. We concur with your request to temporarily raise the ceiling of the Designated Account until January 15, 2012. In response, this Disbursement Letter replaces the Disbursement Letter dated September 9, 2011 for the above referenced project.

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:

- Reimbursement
- Advances
- Direct Payment
- Special Commitment

**(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.

## **II. Withdrawal of Loan Proceeds**

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

A 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, Kazakhstan Country Office  
12 Samal Microdistrict,  
Astana Towers, 14th Floor  
Astana 010000  
Republic of Kazakhstan  
Attention: Motoo Konishi, 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 80, 9th floor.  
Zagreb, HR - 10 000,  
Croatia.  
Attention: Disbursement Management Group

**(iii) Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications for reimbursement, direct payments and for issuance of special commitments will be US\$ 2,500,000 equivalent.

### **(iv) Advances (sections 5 and 6).**

- **Type of Designated Account (subsection 5.3):** Segregated. Advances into the Designated Account should not be co-mingled with other funds. Funds from the Designated Account should be withdrawn to make payments against eligible expenditures on the basis of a fully authorized payment order, signed by authorized

signatories, from the Committee for Roads of the Ministry of Transport and Communications. This type of documentation shall be adequate for the commercial bank to effect payment from the Designated Account.

- ***Currency of Designated Account (subsection 5.4):*** United States dollars (US\$)
- ***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\$ 150,000,000 until January 15, 2012 and \$25,000,000 thereafter
- ***Audit of the Designated Account*** - The Designated Account shall be audited, as part of the audit of the project financial statements, by independent auditors satisfactory to the World Bank.
- ***Services Standards*** – The commercial bank would maintain satisfactory service standards to ensure that payments can be made to contractors and consultants without undue delay: perhaps within a maximum of two working days upon receipt of fully authorized payment order form the Committee for Roads of the Ministry of Transport and Communications.

### **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 Reimbursement:***
  - List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment 4)
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for goods against contracts valued at US\$500,000 equivalent or more; for works against contracts valued at US\$ 10,000,000 equivalent or more; for consultants services against contracts valued at US\$ 200,000 equivalent or more for firms and at US\$ 50,000 equivalent or more for individual consultants
  - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures / contracts.
- ***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)
- Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for goods against contracts valued at US\$500,000 equivalent or more; for works against contracts valued at US\$ 10,000,000 equivalent or more; for consultants services against contracts valued at US\$ 200,000 equivalent or more for firms and at US\$ 50,000 equivalent or more for individual consultants
- Statement of Expenditure in the form attached (Attachment 3) for all other expenditures / contracts.
- ***For requests for Direct Payments:*** 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):*** Replenishment applications should be submitted quarterly, or sooner if necessary. The replenishment application must include reconciled bank statements as well as other appropriate supporting documents.

#### **IV. Other Disbursement Instructions**

Please refer to the Disbursement condition for Category (2) as provided in Schedule 2, Section IV(B)1(b).

The Bank may decide not to permit the use of Designated Accounts in new projects if the Recipient has failed to refund undocumented advances in the Designated Account of any other loan or grant to, or guaranteed by, the borrower within two months after the Disbursement Deadline Date for such loan or grant. Applications only in support of the other Disbursement Methods listed in subsection I(i) of this letter may be allowed.

#### **V. Other Important Information**

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

If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (<http://clientconnection.worldbank.org>). From this website you will be able to download 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 Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact me at [loaeca@worldbank.org](mailto:loaeca@worldbank.org) using the above reference.

Regards,

By /s/ Joseph P. Formoso  
Senior Finance Officer  
Loan Department  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Attachments are with the original disbursement letter.

Cleared with and cc: R. Ignacio Jauregui, Legal Counsel, LEGEM  
Jacques Bure, ECSS5

Cc with copies: Mr. Kussainov  
Minister of Transport and Communications of the Republic of  
Kazakhstan  
47 Kabanbay Batyr Av.  
010000 Astana  
Republic of Kazakhstan

Cc: D Kalinski, S. Lomtadze, CTRDM