



**THE WORLD BANK**  
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South Caucasus Regional Office

# OFFICIAL DOCUMENTS

**Mercy Miyang Tembon**  
Country Director

December 4, 2017

Mr. Mamuka Bakhtadze  
Minister of Finance  
Ministry of Finance  
16 Gorgasali Street  
Tbilisi, Georgia

Re: IBRD Loan No. 8547-GE and IBRD Loan No. 8788- GE  
(East-West Highway Corridor Improvement Project)  
Additional Instructions: Disbursement and Financial Information Letter (DFIL)

Excellency:

I refer to the Loan Agreement (“Agreement”) between the International Bank for Reconstruction and Development (“World Bank”), and Georgia (the “Borrower”) for the above-referenced project dated February 10, 2016 and the scale up additional financing dated December 4, 2017. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. 8547 and Loan No. 8788 (“Loans”). This first revised letter includes both the original and scale-up projects. 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 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 specify Project specific financial reporting requirements.

## **I. Disbursement Arrangements, Withdrawal and Reporting of Loan Proceeds**

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“Disbursement Guidelines”) are available in the Bank’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>. The Disbursement Guidelines are an integral part of this DFIL, and the manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below.

### **(i) Disbursement Arrangements**

- **Instructions** (Schedule 1). The table provides the disbursement methods which may be used by the Borrower, 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 Account.
- **Disbursement Deadline Date, DDD (subsection 3.7)**. The DDD is four (4) months after the Closing Date. Any changes to this date will be notified by the Bank.

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Tbilisi 0179, Georgia  
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Fax: +995 (32) 291 34 78

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Washington, DC 20433, USA.  
Tel: +1 (202) 473 7252  
Fax: +1 (202) 522 3607

**(ii) Electronic Delivery.** Refer to section 10.01 (c) of the General Conditions.

The Bank may permit the Borrower to electronically deliver applications (with supporting documents) through the 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 Bank by electronic means. 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. 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 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 quarter.

**(ii) Audits.** Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period and after the closing date of the project.

## **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 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 Bank by email at [clientconnection@worldbank.org](mailto:clientconnection@worldbank.org).

If you have any queries in relation to the above, please contact Luis Schwarz, Senior Finance Officer at [lschwarz@worldbank.org](mailto:lschwarz@worldbank.org), with copy to Damir Leljak, Finance Analyst at [ddragevic@worldbank.org](mailto:ddragevic@worldbank.org) using the above reference.

Yours sincerely,



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Mercy Miyang Tembon  
Country Director for the South Caucasus  
Europe and Central Asia

**Attachments**

1. Form of Authorized Signatory Letter
2. Interim unaudited Financial Report (IFR)

Schedule 1 : Disbursement Arrangements

Basic Information			
Loan Number	8788	Country	Georgia
		Borrower	Ministry of Finance
		Name of the Project	East-West Highway Corridor Improvement Proj and AF
Disbursement Methods, and Supporting Documentation			
Disbursement Methods	Methods Available	Supporting Documentation	
<i>Section 2 (**)</i>		<i>Subsections 4.3 and 4.4</i>	
Direct Payment	Yes	Copy of Records	
Reimbursement	Yes	Interim unaudited Financial Report	
Designated Account:	Yes	Interim unaudited Financial Report	
Special Commitments	Yes	Copy of Letter of Credit	
Designated Account (Section 5 and 6 (**))			
Type	Pooled including IBRD Loan 8547 and 8788	Ceiling	Fixed
Financial Institution - Name	Treasury Account of the Ministry of Finance with National Bank of Georgia	Currency	Euro
Frequency of Reporting, Subsection 6.3 (**)	Same as IFRs: Quarterly	Amount	10,000,000
Minimum Value of Applications (subsection 3.5)			
The Minimum Value of Applications for Reimbursement is Euros 100,000 for Direct Payments and Special Commitments Euros 1,500,000.			
Authorized Signatories (Subsection 3.1 and 3.2 (**)) The form for Authorized Signatories Letter is provided in Attachment 1 of the Loan Agreement and Documentation Application (Subsection 3.3 and 3.4 (**))			
The World Bank Radnicka cesta 80/IX 10000 Zagreb, Croatia Attention: Loan Department Notice that all information will be sent to the same address, and to the regional TL.			
Additional Instructions			
None			
Other Disbursement Instructions			
<ul style="list-style-type: none"> <li>- This AF would be considered as a parallel financing operation with EIB and the GoG</li> <li>- IBRD will finance a portion of Component 1, and the totality of Components 2 and 3</li> <li>- Similar to the original loan, the Loan Agreement for the Additional Financing loan would reflect only one category of expenditures in addition to the FeF, and interest;</li> </ul>			

- Resources from IBRD would be financed up to 100% inclusive of taxes;
- The project would be audited by an independent audit firm, who will be responsible to audit both the financial statements for IBRD and EIB until the end of the project (this agreement would need to be confirmed by EIB prior to the negotiations);
- The GoG contribution would not be taken into consideration for the purpose of accounting, budgeting, and reporting, and the government will follow their own internal systems and requirements.

*\* Select the agreed supporting documentation and add the following "in the format provided in **Attachment 2** of this letter"*

*\*\* Sections and subsections indicated relate to the **Disbursement Guidelines for Investment Project Financing dated February 2017***

[Attachment 1 – Form of Authorized Signatory Letter]

[Letterhead]  
Ministry of Finance  
[Street address]  
[City] [Country]

[DATE]

The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Attention: *Country Director*

Re: Loan No. \_\_\_\_\_-\_\_\_\_ (*Name of the 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 2.02 of the General Conditions as defined in the Agreement, any <sup>1</sup>[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, including by electronic means, <sup>2</sup>[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting <sup>3</sup>[individually] <sup>4</sup>[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

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<sup>1</sup> 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.*

<sup>2</sup> 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.*

<sup>3</sup> 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.*

<sup>4</sup> 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.*

[Name], [position] Specimen Signature: \_\_\_\_\_  
[Name], [position] Specimen Signature: \_\_\_\_\_  
[Name], [position] Specimen Signature: \_\_\_\_\_

Yours truly,

/ signed /

\_\_\_\_\_  
[Position]

**[Attachment 2 - Interim unaudited Financial Statements]**<sup>11/</sup>



**FOR INTERNAL DISTRIBUTION ONLY**

Prepared by: Luis Schwarz – Senior Finance officer

Cleared with and cc: Isabella Micali, Drossos, Senior Counsel, LEGLE  
Mustapha Benmaamar, Lead Transport Specialist, GTI08 and Nargis Ryskulova,  
Transport Specialist, GTI03

Cc: [FMS]