February 25, 2020

H.E. Nina Angelovska
Minister of Finance
Ministry of Finance
Dame Gruev 12
Skopje, 1000
Republic of North Macedonia

Re: IBRD Loan 9034 - MK
Local Road Connectivity Project
First Revision
Additional Instructions: Disbursement and Financial Information Letter

Dear Ms. Angelovska,

I refer to the Loan Agreement between Republic of North Macedonia (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) 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 Amount 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. This first revised DFIL includes a minor editorial change on the Reimbursement disbursement method and supersedes the previous version dated December 20, 2019. 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.

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


(i) Disbursement Arrangements

The table in Schedule 1 sets out the disbursement methods which may be used by the Borrower, [and conditions\textsuperscript{2}], information on registration of authorized signatures\textsuperscript{2}, 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\textsuperscript{2}.

(ii) Electronic Delivery. Section 10.01 (c) of the General Conditions.

The Borrower will deliver Withdrawal Applications (with supporting documents) electronically through the Bank’s web-based portal “Client Connection” at https://clientconnection.worldbank.org. This
option will be effected after the officials designated in writing by the Borrower who are authorized to sign and deliver Withdrawal Applications have registered as users of “Client Connection”. The designated officials will 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 exercise the option of preparing and delivering Withdrawal Applications in paper form on exceptional cases (including those where the Borrower encounters legal limitations), and which were previously agreed with the Bank. 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 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 will be publicly disclosed 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 website (http://www.worldbank.org/) 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, or if you have any queries in relation to the above, please contact the World Bank by email at AskLoan@WorldBank.org using the above reference.

Yours sincerely,

Luis Schwarz
Senior Finance Officer
Loans Client Services, WFACS
Attachments
1. Form of Authorized Signatory Letter
2. Form of Statement of Expenditure (SOE)
3. Form of Designated Account Reconciliation Statement
# Schedule 1: Disbursement Provisions

## Basic Information

<table>
<thead>
<tr>
<th>Loan Number</th>
<th>IBRD Loan Number</th>
<th>Country</th>
<th>Closing Date</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD Loan 9034 - MK</td>
<td>Republic of North Macedonia</td>
<td>Section III.B.2. of Schedule 2 to the Loan Agreement.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Disbursement Deadline Date**
- **Subsection 3.7**
  - Four months after the closing date.

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Name of the Projects</th>
<th>Disbursement Deadlne Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of North Macedonia</td>
<td>Local Road Connectivity Project</td>
<td>Section 3.7 **</td>
</tr>
</tbody>
</table>

## Disbursement Methods and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of records</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Statement of Expditure (SOE) in the format provided in Attachment 2 to the DFIL</td>
</tr>
<tr>
<td>Advance (into a Designated Account)</td>
<td>Yes</td>
<td>Statement of Expenditure (SOE) in the format provided in Attachment 2 to the DFIL Designated Accounts Reconciliation Statement provided in the Attachment 3 of the DFIL</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>No</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Designated Account (Sections 5 and 6 **)**

| Type | Financial Institution - Name | Ceiling | Frequency of Reporting Subsection 6.3 (**)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Segregated Ministry of Transport and Communications (MoTC)</td>
<td>National Bank of the Republic of North Macedonia</td>
<td>Fixed</td>
<td>Quarterly</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Currency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>10,000,000</td>
</tr>
</tbody>
</table>

**Minimum Value of Applications (subsection 3.5)**

- The minimum value of applications for Direct Payment is EUR 200,000

## 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 (WFALN)

**Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.**
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Re: IBRD Loan ____- ____
Local Road Connectivity Project
Additional Instructions: Disbursement and Financial Information Letter

Dear Country Director,

I refer to the Loan Agreement between the Republic of North Macedonia (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) 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 Loans Amounts from the Loan Accounts 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. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any 1[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal under this Loan.

For the purpose of delivering Applications to the World Bank, 2[each] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower, acting 3[individually] 4[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

---

1 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.

2 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.

3 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.

4 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.
This confirms that the Borrower 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. In full recognition that the World Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of SIDC”), the Borrower represents and warrants to the World Bank that it will cause such persons to abide by those terms and conditions.

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

[Name], [position]  Specimen Signature: ____________________

[Name], [position]  Specimen Signature: ____________________

[Name], [position]  Specimen Signature: ____________________

Yours truly,

/ signed /

[Position]
Attachment 2 – Form of Statement of Expenditure

Statement of Expenditure (SOE)

Payments made during the period from ________________ to ______________

<table>
<thead>
<tr>
<th>Loan No.:</th>
<th>Application No.:</th>
<th>Category No.:</th>
<th>SOE No.:</th>
</tr>
</thead>
</table>

The following expenditures have been incurred during the retroactive financing period (please tick)

Yes

No

The following expenditures have been incurred during before the closing date of the loan (please tick)

Yes

No

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier’s Name</td>
<td>WB Contract Number in Client Connection (for Prior Review Contracts)</td>
<td>Type of Good or Service (CW/GO/CS/OP/TR) / Brief Description</td>
<td>Currency and Total Amount, and Date of Contract</td>
<td>Currency and Total Amount of Invoice Covered by Application</td>
<td>% Financed by IBRD/IDA/TF</td>
<td>Amount Eligible for Financing (5 x 6)</td>
<td>Currency and Amount Paid from Designated Account (if Applicable)</td>
<td>Exchange Rate</td>
<td>Date of Payment</td>
<td>Remarks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTALS

Supporting documents for this SOE retained at ____________________________________________________________________________(location)
Attachment 3 – Form of Designated Account Reconciliation Statement

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER ____________
ACCOUNT NUMBER ____________ WITH (BANK) ________________

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) USD/EUR ______________

2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - USD/EUR ______________

3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2) = USD/EUR ______________

4. BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE _______________ USD/EUR ______________

5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. _______________ + USD/EUR _______________

6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: _______________________________ + USD/EUR _______________

7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS

APPLICATION NO. AMOUNT

_________________ ___________________
_________________ ___________________
_________________ ___________________
SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED + USD/EUR _______________

8. MINUS: INTEREST EARNED - USD/EUR ______________

9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = USD/EUR ______________

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:

____________________________________________________________________________________________________
____________________________________________________________________________________________________

11. DATE: ____________________ SIGNATURE: ____________________

TITLE: ____________________