May 7, 2014

Mr. Ivan Montalván
Minister of Finance and Public Debit
Ministry of Finance and Public Debit
Av. Bolivar in front of the National Assembly
4th Floor, MHCP Building
Managua, Republic of Nicaragua

Excellency:

Re: IDA Financing H537-NI (Additional Financing for the Second Agricultural Technology Project) Additional Instructions: AMENDED Disbursement Letter

I refer to the Financing Agreement between the International Development Association (the “Association”) and Republic of Nicaragua (the “Recipient”) for the above-referenced project, dated July 6, 2010. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing H537-NI (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter is the Second Restatement of the Disbursement Letter dated July 6, 2010 and amended on December 6, 2013, for the above referenced project, restating Section II (v) to reduce the Minimum Value Application from US$ 150,000 to US$ 90,000 and (vi) to modify the DA ceiling from Fixed to Variable. This restatement intends to respond to the Recipient’s request dated April 25, 2014. All other provisions and Attachments of the Disbursement Letter dated July 6, 2010, except as amended, shall remain in force and effect.

The World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing 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 Financing:

- Reimbursement
Advance
Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is (4) months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in Schedule 2, Section IV, B of the Agreement.

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1).
An authorized signatory letter should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: C. Felipe Jaramillo, Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents to the address indicated below:

Banco Mundial
SCN Quadra 02, Lote A
Edificio Corporate Financial Center
7° andar
70712-900, Brasilia, D.F.
Brasil
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of
preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient 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 ("Terms and Conditions of Use of Secure Identification Credentials"); and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is US$ 90,000 for Direct Payments and Reimbursement.

(vi) Advances (sections 5 and 6) to the MAGFOR.

• **Type of Designated Account (subsection 5.3):** Segregated

• **Currency of Designated Account (subsection 5.4):** United States Dollars

• **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Central Bank of Nicaragua.

• **Ceiling (subsection 6.1):** Forecast for the next quarter.

III. Reporting on Use of Financing Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

• **For requests for Reimbursement:**
  
  o Records evidencing eligible expenditures (e.g. copies of receipts, supplier invoices) for payments made for:
    
    ➢ Goods and Works contracts valued at US$150,000 equivalent per contract or more;
    ➢ Consultant Firm contracts valued at US$100,000 equivalent per contract or more;
    ➢ Individual Consulting contracts valued at US$50,000 equivalent or more;
    ➢ Training and Operating costs valued at US$20,000 or more;

  o Customized Statement of Expenditure for advances made under Category 2;

  o Statement of Expenditure for all other expenditures that do not exceed the thresholds established above;
For reporting eligible expenditures paid from the Designated Account:

- Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made for:
  - Goods and Works contracts valued at US$150,000 equivalent per contract or more;
  - Consultant Firm contracts valued at US$100,000 equivalent per contract or more;
  - Individual Consulting contracts valued at US$50,000 equivalent or more;
  - Training and Operating costs valued at US$20,000 or more;
- Customized Statement of Expenditure for advances made under Category 2;
- Statement of Expenditure for all other expenditures that do not exceed the thresholds established above;

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 6.3): Quarterly

IV. Other Disbursement Instructions

Retroactive Financing will be available for an aggregate amount not to exceed US$500,000 equivalent for payments made on or after November 15, 2009 (but in no case more than one year prior to the date of the Grant Agreement) for Eligible Expenditures under Category 1 & 2.

V. Other Important Information


From the Client Connection website, you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information.

If you have not already done so, the Association recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the
Financing, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact the World Bank Loan Department by sending a message to loa-lcr@worldbank.org and placing the project name and financing/grant number in the subject line.

Yours sincerely,

Patricia Hoyes
Sr. Finance Officer
World Bank Loan Department
Cc with copies: Edward Centeno, Ministerio Agropecuario y Forestal, MAGFOR
Indira Cardoza, Directora General Administrativa Financiera, MAGFOR
Lester Diaz, Coordinador de Programas y Proyectos, MAGFOR
Henry Saravia, Coordinador PTA-II, MAGFOR
Ruth Ivania Humphreys, Enlace MHCP-Banco Mundial