Mr. Enrique Arnaud Viñas  
Secretario de Finanzas  
Estado de Oaxaca  
Centro Administrativo del Poder Ejecutivo y Judicial  
General Porfirio Díaz “Soldado de la Patria”, Edificio D Saúl Martínez  
Av. Gerardo Pandalf No.1.  
Reyes Mancón, San Bartolo Coyotepec  
Oaxaca, México  

Mr. Gerardo Albino González  
Coordinador General del Comité Estatal de Planeación para el Desarrollo de Oaxaca  
Centro Administrativo del Poder Ejecutivo y Judicial  
General Porfirio Díaz “Soldado de la Patria”, Edificio María Sabina, Nivel 2  
Av. Gerardo Pandalf No.1.  
Reyes Mancón, San Bartolo Coyotepec  
Oaxaca, México  

Re: Grant No. TF016613 (Support to Strengthen the Micro-Region Strategy in Oaxaca Project)  
Additional Instructions: AMENDED Disbursement Letter  

Dear Sirs:

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), the *Estado de Oaxaca* (the "Recipient"), acting through its *Secretaría de Finanzas*, and the General Coordination of the Development Planning State Committee of Oaxaca (*Coordinación General del Comité Estatal de Planeación para el Desarrollo de Oaxaca*) ("Executing Entity") for the above-referenced project, dated October 9, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF016613 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This letter is the First Restatement of the Disbursement Letter dated October 9, 2014 for the above referenced project, restating: (i) **Section I (i)** to add ‘Advances’ as a disbursement method; (ii) **Section II (v)** to lower the Minimum Value of Applications to USD 5,000.00; (iii) **Section II (vi)** to specify the details of the Designated Account; and (iv) **Section III (i)** to add the necessary supporting documentation needed when reporting expenditures paid from the Designated Account and to eliminate the SOE limit of contracts over USD 150,000. All other provisions and attachments of the Disbursement Letter dated October 9, 2014, 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 Grant 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 Grant:

- Reimbursement
- Advances
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Annex of the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Withdrawal Condition(s) in Section 3.02 of the Annex of the Grant Agreement.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1).
A letter should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to submit Applications:

The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: Gerardo M. Corrochano, Country Director

(ii) Applications (subsections 3.2- 3.3). Please provide completed applications for withdrawal, together with supporting documents, through the World Bank’s Client Connection, web-based portal, following the instructions for electronic delivery. In the case the recipient does not have internet access, the World Bank may permit the delivery of applications for withdrawal, together with supporting documents, in accordance with subsection 3.3. of the Disbursement Guidelines for Projects, to the following address:

Banco Mundial
Sector Comercial Norte,
Quadra 02, Lote A
Edificio Corporate Finance Center
7º Andar
70712-900 Brasilia, D.F., Brazil
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The option to deliver Applications to the World Bank 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 World Bank 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 World Bank agrees, the World Bank 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 World Bank 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 accept 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 SIDC”); and (b) to deliver the Terms and Conditions of Use of SIDC to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Reimbursements and Direct Payments is USD 5,000.

(vi) Advances (sections 5 and 6) to Secretaría de Finanzas del Gobierno del Estado de Oaxaca

- **Type of Designated Account**: Segregated
- **Currency of Designated Account**: Mexican Peso
- **Financial Institution at which the Designated Account will be opened**: HSBC
- **Ceiling**: MXN 1,500,000

III. Reporting on Use of Grant Proceeds

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

- **For requests for Reimbursement**:
  - Statement of Expenditure; and
  - List of payments against contracts that are subject to the World Bank’s prior review.

- **For reporting eligible expenditures paid from the Designated Account**:
  - Statement of Expenditure;
  - List of payments against contracts that are subject to the World Bank’s prior review; and
  - Designated Account activity/reconciliation Statement, in the form attached (Attachment 1) with a copy of the Designated Account Bank Statement.

- **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 or more often if required.
IV. **Other Important Information**


If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, 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 affected. 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 LOA-TF by sending an email to wfaldtf@worldbank.org and using the trust fund number as a reference.

Yours sincerely,

[Signature]

Maria Virginia Homrarezabal
Finance Officer
Finance and Accounting – WFAFO

**Attachments**

1. Designated Account Reconciliation
CONCILIACION DE LA CUENTA DESIGNADA

Préstamo / Crédito / Donación N°:
Nombre del Banco:
Número de la Cuenta:

1. Total de Depósitos
2. Menos Total que ya fue documentado
3. Saldo Pendiente (por documentar)
4. Saldo de la Cuenta Designada en __/__/____ (de acuerdo al Estado Bancario Adjunto)
5. Monto a ser documentado en la presente Solicitud N°____
6. Más montos pendiente de reposición por el BIRF ¹
7. Más retiros efectuados aún no solicitados al BIRF ²
8. Menos montos debitados después de la fecha del estado bancario adjunto
9. Menos intereses generados por la Cuenta Designada
10. Total (4 + 5 + 6 + 7 + 8 - 9)
11. Discrepancias entre (3 y 10)

Observaciones:

1 Valor pendiente de reposición por el BIRF
   Solicitud N°
   Monto

2 Retiros efectuados aún no solicitados al BIRF
   Fecha       Descripción
   Monto

Obs.: La moneda de conciliación bancaria debe ser la misma moneda de la Cuenta Designada