His Excellency
Mr. Felipe Larrain Bascuñan
Minister of Finance
Ministry of Finance
Teatinos 120
Santiago de Chile
Chile

Re: IBRD Loan 8126-CL (Tertiary Education Finance for Results Project III)
Additional Instructions: Disbursement Letter

Excellency,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the Republic of Chile (the “Borrower”) for the above-referenced project, dated August 29, 2012. The Loan Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8126-CL (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

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 Method may be used under the Loan:

- Reimbursement

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

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Conditions in the Loan Agreement.
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 for withdrawal:

The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: Susan G. Goldmark

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

Banco Mundial
Sector Comercial Norte
Quadr 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 World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. 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 devices (“Tokens”) 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 Tokens 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 Tokens to Process Applications. By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens 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 is US$100,000.

**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:**
  
  - Summary Statement in the form attached (Attachment 4) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made in Component 2 under contracts for:
    
    - Consultant firms costing USD $150,000 equivalent per contract or more; and
    
    - Individual consultants costing USD $80,000 equivalent per contract or more;
  
  - Customized Statement of Expenditure in the form attached (Attachment 5) for Component 1/Category 1 of the Project; and,
  
  - Statement of Expenditure in the form attached (Attachment 6) for payments that do not exceed the thresholds established above.

**IV. Other Disbursement Instructions**

**Retroactive Financing** – The Bank has agreed with the Government to finance retroactive expenditures for a maximum of US$4,000,000 for expenses incurred on or after December 1, 2011 but in no case a year prior to the date of the legal agreement.

**VI. Other Important Information**


If you have not already done so, the Bank recommends that you register as a user of the Client Connection website ([https://clientconnection.worldbank.org](https://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 the World Bank Loan Department by sending an email to loaner@worldbank.org and naming the project and loan number in the subject line.

Yours sincerely,

[Signature]

Susan G. Goldmark
Director
Bolivia, Chile, Ecuador, Peru and Venezuela
Latin America and the Caribbean Region
Attachments
2. Sample Form for Authorized Signatures
3. Terms and Conditions of Use of Tokens
4. Sample Summary Statement (SS) for Component 2/Category 2
5. Customized Statement of Expenditure for Component 1/Category 1
6. Sample Statement of Expenditure (SOE) for Component 2/Category 2

Cc: Mrs. Rossana Costa Costa, Director of Budget, Ministry of Public Finance, Chile
Mr. Harald Beyer, Minister of Education, Ministry of Education, Chile
Mr. Julio Dittborn, Vice Minister of Public Finance, Ministry of Public Finance, Chile
Mr. José Pablo Gómez, Chief, Public Finance Division, Budget Directorate, Ministry of Public Finance, Chile
Mrs. Clelia Beltran, Chief, Public Credit Sector, Budget Directorate, Ministry of Public Finance, Chile
Mr. José Espinoza, Chief, Education Sector, Budget Directorate, Ministry of Public Finance, Chile
Mr. Juan José Ugarte, Director, Division of Higher Education, Ministry of Education, Chile
Mr. Ricardo Reich, General Coordinator Mecesup Project, Ministry of Education, Chile

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