Re: IBRD Loan 7374-GT (Project to Support the Rural Economic Development Program)

Additional Instructions: AMENDED Disbursement Letter

Dear Excellency,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Republic of Guatemala (the “Borrower”) for the above-referenced project, dated October 22, 2007. The Loan Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 7374-GT (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter is a Third Restatement of the Disbursement Letter dated October 22, 2007, for the above referenced project, restating Section II (vii) to raise the ceiling of the Designated Accounts for SEGEPLAN and MINECO to US$ 500,000. As a result, the Minimum Value of Applications in Section II (v) has been increased to US$ 250,000. In addition, the address where withdrawal application should be sent as stated in Section II (ii) has also been updated. All other provisions of the Disbursement Letter dated October 22, 2007, except as amended, shall remain in force and effect.

The attached 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 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.

1. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Loan:

- Reimbursement
- Advance
- Direct Payment
(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 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 if they have changed from the current signatories on file:

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

(ii) Applications (subsections 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
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 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”); 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 Direct Payments and Reimbursements is USD$250,000.

(vi) Advances (sections 5 and 6) for Presidential Planning Secretariat, SEGEPLAN

- **Type of Designated Account (subsection 5.3):** Pooled - in the Borrower’s Multilateral Single Treasury Account (MTSA) regulated under Ministerial Article 59-2007. However the records and bank reconciliation will reflect transaction activity of a segregated sub-account.

- **Currency of Designated Account (subsection 5.4):** US Dollars

- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco Central de Guatemala (BANGUAT)

- **Authorized Allocation (subsection 6.1):** US$500,000

(vii) Advances (sections 5 and 6) for Ministry of Economy, MINECO

- **Type of Designated Account (subsection 5.3):** Pooled - in the Borrower’s Multilateral Single Treasury Account (MTSA) regulated under Ministerial Article 59-2007. However the records and bank reconciliation will reflect transaction activity of a segregated sub-account.

- **Currency of Designated Account (subsection 5.4):** US Dollars

- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco Central de Guatemala (BANGUAT)

- **Authorized Allocation (subsection 6.1):** US$500,000
(viii) Advances (sections 5 and 6) for National Peace Fund, FONAPAZ

- **Type of Designated Account (subsection 5.3):** Pooled - in the Borrower’s Multilateral Single Treasury Account (MTSA) regulated under Ministerial Article 59-2007. However the records and bank reconciliation will reflect transaction activity of a segregated sub-account.

- **Currency of Designated Account (subsection 5.4):** US Dollars

- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco Central de Guatemala (BANGUAT)

- **Authorized Allocation (subsection 6.1):** US$1,000,000

### 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:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against
    - Works contracts costing US$250,000 equivalent or more per contract;
    - Goods contracts costing US$150,000 equivalent or more per contract;
    - Consultant firm contracts costing US$100,000 equivalent or more per contract;
    - Individual consultant contracts, Training and Operating costs costing US$50,000 equivalent or more.
  - Statement of Expenditure (SOE) for all other expenditures that fall below the above listed thresholds; and
  - List of payments against contracts that are subject to the Bank’s prior review.

- **For reporting eligible expenditures paid from the Designated Account:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against
    - Works contracts costing US$250,000 equivalent or more per contract;
    - Goods contracts costing US$150,000 equivalent or more per contract;
    - Consultant firm contracts costing US$100,000 equivalent or more per contract; and
    - Individual consultant contracts, Training and Operating costs costing US$50,000 equivalent or more.
  - Statement of Expenditure (SOE) for all other expenditures that fall below the above listed thresholds;
  - Designated Account Activity Statement in the form attached;
  - Copy of the Designated Account Bank Statement; and
- List of payments against contracts that are subject to the Bank's prior review.

➢ 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 Accounts (subsection 6.3): Quarterly

IV. 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). 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 loalcr@worldbank.org and naming the project and loan number in the subject line.

Yours sincerely,

[Signature]

Patricia Hoyes
Sr. Finance Officer
World Bank Loan Department
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Guatemala, Guatemala  
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