October 11, 2012

His Excellency
Mr. Carlos Cáceres
Minister of Finance
Ministry of Finance
Boulevard de los Héroes #1231
San Salvador, El Salvador, C.A.

Re: IDF Grant No. TF092367 (IDF Grant for Strengthening Fiscal Management and Public Sector Transparency Project)

Additional Instructions: Disbursement Letter
First Restatement

I refer to the Grant Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of the Institutional Development Fund (IDF), and the Republic of El Salvador (the "Recipient") for the above-referenced project, dated July 29, 2008. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of IDF Grant TF092367 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This Disbursement Letter is a First Restatement of the Disbursement Letter dated July 29, 2008 for the above referenced project restating Section I. (ii) to extend the Disbursement Deadline Date to 4 months after the project Closing Date. All other provisions of the Disbursement Letter dated July 29, 2008, except as amended, shall remain in force and effect.

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 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
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in 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 Disbursement Condition(s) in the Grant Agreement.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) 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 sign Applications:

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

The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: Loan Department

(iii) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Direct Payment or Reimbursement Applications is US$20,000.

(iv) Advances (sections 5 and 6).

- **Type of Designated Account[s] (subsection 5.3):** Segregated.
- **Currency of Designated Account[s] (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** Banco Central de El Salvador
- **Ceiling (subsection 6.1):** US$50,000

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:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments valued at US$20,000 or more;
  - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures; and
- List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 4).

- **For reporting eligible expenditures paid from the Designated Account:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments valued at US$20,000 or more;
  - Statement of Expenditure in the form attached (Attachment 3) for all other expenditures;
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 4);
  - Designated Account Activity Statement in the form attached (Attachment 5); and
  - 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):**

Monthly.

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](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. 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 World Bank Loan Department by email loan-lcr@worldbank.org and using the TF number and project name as reference.

Yours sincerely,

[Vidy Narasimhan](https://www.worldbank.org)
Finance Officer
Loan Department

**Attachments** (as previously provided in the original letter)