December 20, 2012

His Excellency
Mr. Manuel Adolfo Ferreira Brusquetti
Minister of Finance
Ministry of Finance
Chile 128
Asunción, Paraguay

Re: IBRD Loan 7503-PY (Paraguay Sustainable Agriculture and Rural Development Project)
Additional Instructions: Disbursement Letter

Amendment to previous Disbursement Letters

Dear Minister,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “World Bank”), and the Republic of Paraguay (the “Borrower”) for the above-referenced project, dated June 24, 2008. The Loan Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 7503-PY (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions and replaces the previous versions dated June 24, 2008, October 26, 2011, and April 20, 2012.

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 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 World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to section I.D. and IV B.1 of schedule 2 to the Loan Agreement.

II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory 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 for Withdrawal:

The World Bank  
Torre Bouchard  
Bouchard 547  
C1106ABG  
Buenos Aires, Argentina  
Attention: Penelope J. Brook  
Country Director  
Argentina, Paraguay and Uruguay

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, in the form attached (Attachment 2) to the address indicated below:

Banco Mundial  
SCN, 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 Borrower 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 Borrower 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 Borrower have registered as users of Client Connection. If the Bank agrees, the World Bank will provide the Borrower 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 Borrower 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 Borrower.

**(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 Borrower 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 $1,100,000 equivalent.

**(vi) Advances (sections 5 and 6).**

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** United States Dollars (USD)
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco Central de Paraguay
- **Ceiling (subsection 6.1):** USD $5,500,000.

**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 for (i) Goods against contracts valued at USD $100,000 or more; (ii) Consulting Firms against contracts valued at USD $100,000 equivalent or more; (iii) Individual Consultants against contracts valued at USD $50,000 equivalent or more; and (iv) Works against contracts valued at USD $200,000 equivalent or more, in the form attached (Attachment 3 - "Statement of Expenditures" with supporting documentation);
  - Statement of Expenditures in the form attached (Attachment 3 - "Statements of Expenditure" without supporting documentation) for all other expenditures, contracts below the above mentioned thresholds, including training and operating costs, but excluding Subprojects;
  - Statement of Expenditures (customized) in the form attached (Attachment 5) for subprojects; and
For reporting eligible expenditures paid from the Designated Account:

- Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for (i) Goods against contracts valued at USD $100,000 or more; (ii) Consulting Firms against contracts valued at USD $100,000 equivalent or more; (iii) Individual Consultants against contracts valued at USD $50,000 equivalent or more; and (iv) Works against contracts valued at USD $200,000 equivalent or more, in the form attached (Attachment 3 - “Statement of Expenditures” with supporting documentation);
- Statement of Expenditures in the form attached (Attachment 3 - “Statement of Expenditure” without supporting documentation) for all other expenditures, contracts below the above mentioned thresholds, including training and operating costs, but excluding Subprojects;
- Statement of Expenditures (customized) in the form attached (Attachment 5) for Subprojects; and
- List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 4)

For requests for direct payment: Records evidencing eligible expenditures, e.g., copies of receipts, suppliers/contractors’ invoices.


(iii) Other Supporting Documentation Instructions. A Designated Account activity reconciliation statement and bank statement should be submitted with each withdrawal application reporting on the use of Loan proceeds from the Designated Account.

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 prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower 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 World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Victor Ordonez Conde, Sr. Finance Officer at vconde@worldbank.org using the above reference.

Sincerely,

[Signature]

Victor Ordonez
Sr. Finance Officer, Loan Department
The World Bank

Attachments

All attachments previously provided remain without any changes.