His Excellency  
Luis Miguel Castilla Rubio  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Jr. Junín 319  
Lima, Peru  

Re: Loan No. 8212-PE (Higher Education Quality Improvement Project)  

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 Peru (the "Borrower") for the above-referenced Project, dated January 15, 2013. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8212-PE ("Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions. Copies of this letter together with the attachments should be sent to all staff involved in the process of preparing withdrawal applications for this Project.  

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 provision 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 ?). The following Disbursement Methods may be used under the Financing:  

- 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 Loan Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.7). Please refer to the Disbursement Condition(s) in Schedule 2, Section IV.B of the Loan Agreement.

II. Withdrawal of Financing 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, NW  
Washington D.C., 20433, USA  
Attention: Susan Goldmark, Country Director

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

Banco Mundial  
Setor 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") 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 Reimbursement and Direct Payments is US$500,000.

(vi) Advances (sections 5 and 6) to Ministry of Finance UCP:

- **Type of Designated Account (subsection 5.3):** Segregated.
- **Currency of Designated Account(s) (subsection 5.4):** United States Dollars.
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco de la Nación.
- **Ceiling (subsection 6.1):** US$2,000,000.

III. Reporting on Use of Financing 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 with records, in the form attached (Attachment 4), evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made for:
  - Works under contracts costing US$250,000 equivalent per contract or more;
  - Goods and Consulting Services with firms under contracts costing US$100,000 equivalent per contract or more;
  - Training costs and Consulting Services with individuals under contracts costing US$50,000 equivalent per contract or more;

- A Statement of Expenditures (SOE), in the form attached (Attachment 5), for all other payments that do not exceed the thresholds established above; and

- A list of payments, in the form attached (Attachment 6), made during the period for contracts subject to the Bank's prior review.
• **For reporting eligible expenditures paid from the Designated Account:**
  
  - Summary Statement with records, in the form attached (Attachment 4), evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made for:
    - Works under contracts costing US$250,000 equivalent per contract or more;
    - Goods and Consulting Services with firms under contracts costing US$100,000 equivalent per contract or more;
    - Training costs and Consulting Services with individuals under contracts costing US$50,000 equivalent per contract or more;
  
  - Statement of Expenditure (SOE), in the form attached (Attachment 5), for all other payments that do not exceed the thresholds established above;
  
  - A list of payments, in the form attached (Attachment 6), made during the period for contracts subject to the Bank’s prior review; and
  
  - A Designated Account activity statement, in the form attached (Attachment 7), 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 but more often if needed.

**IV. Other Disbursement Instructions**

**Retroactive Financing**

Retroactive Financing will be available up to an aggregate amount not to exceed $1,000,000 equivalent for payments made after September 7, 2012, but in no case earlier than twelve months prior to the date of the Loan Agreement.

**Custom SOE – Category 2**

Custom SOE will be used to document expenditures paid under Category 2/Part 3 of the project. The final format of the custom SOE will be subject to the finalization of the project system for Part 3 of the project which is also a condition of disbursement. Once the condition of disbursement is fulfilled, the custom SOE format will also be able to be finalized and attached to an amended version of this letter.
V. 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 (http://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information.

If you have any queries in relation to the above, please contact the World Bank Loan Department by sending a message to loan-lcr@worldbank.org and placing the project name and loan number in the subject line.

Very truly yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Susan G. Goldmark
Director
Bolivia, Chile, Ecuador, Peru and Venezuela
Latin America and the Caribbean Region
Attachments
2. Form for Authorized Signatures
3. Terms and Conditions of Use of Tokens
4. Summary Statement
5. Statement of Expenditure
6. List of Contract Subject to the Bank’s Prior Review
7. Designated Account Activity Statement

Cc with copies:

cc: Mr. Carlos Augusto Oliva Neyra
   Vice Minister of Finance
   Ministry of Economy and Finance

cc: Mr. Carlos Adrián Linares Peñaloza
   General Director
   General Directorate of Debt and Public Treasury
   Ministry of Economy and Finance

cc: Mr. Rodolfo Acuña Namihas
   General Directorate of Public Budget
   Ministry of Economy and Finance

DL Prepared by: Patricia Hoyes, Senior Finance Officer

DL Reviewed and cleared by: Mariana Montiel, LEGLA
   Marcelo Becerra, TTL