His Excellency  
Santiago Peña Palacios  
Minister of Finance  
Ministry of Finance  
Chile 128  
Asuncion, Paraguay

Republic of Paraguay: IBRD Loan 8316-PY (Additional Financing for the Sustainable Agriculture and Rural Development Project)  
Additional Instructions: Second Amendment to the Disbursement Letter

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the Republic of Paraguay (the “Borrower”) for the above-referenced project, dated December 6, 2013. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8316-PY (“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.

This is the second amendment of the Disbursement Letter dated December 6, 2013 for the above referenced project. This letter restates: (a) Section II, paragraph (vi) to modify the Designated Account ceiling from USD 10,000,000 to USD 19,000,000.00; (b) Section III, paragraph (i) to eliminate SOE limits; and (c) Section IV to substitute attachments 4A, 4B by attachment 4D. All other provisions and attachments of the previous version dated July 20, 2015, 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 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:
(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in the Loan Agreement (Section IV B.2 of the schedule 2). Any changes to this date will be notified by the Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Conditions in Section 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 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
Torre Bouchard
Bouchard 547
C1106ABG
Buenos Aires, Argentina
Attention: Jesko Hentschel, Country Director, Argentina, Paraguay and Uruguay

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

Banco Mundial
Setor Comercial Norte
Quadra 02, Lote A
Edificio Corporate Financial Center
7º andar
70712-900, Brasília, D.F.
Brazil
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the 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 credentials ("SIDC") from the 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 Bank will provide the Borrower with SIDC 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 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 SIDC to Process Applications. By designating officials to use SIDC 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 Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Secure Identification Credentials") provided in Attachment 3; and (b) 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 2,000,000.

(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 19,000,000

### 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:**
  - Statement of Expenditure in the form attached (attachment 4D);
  - Customized Statement of Expenditure in the form attached (attachment 4C - Customized SOE) for Community Grants; and
- For requests for Advances and reporting eligible expenditures paid from the Designated Account:
  
  o Statement of Expenditure in the form attached (attachment 4D);
  o Customized Statement of Expenditure in the form attached (attachment 4C – Customized SOE) for Community Grants;
  o A Designated Account activity reconciliation statement (attachment 6) and bank statement should be submitted with each Withdrawal Application reporting on the use of Loan proceeds from the Designated Account.

- For requests for Direct Payment: records evidencing eligible expenditures, e.g., copies of receipts, suppliers/contractors’ invoices.


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 (http://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.

If you have any queries in relation to the above, please contact Jose C. Janeiro at jjaneiro@worldbank.org and placing the project name and loan number in the subject line.

Yours sincerely,

[signature]

Jose C. Janeiro
Senior Finance Officer
World Bank Loan Operations
BANCO INTERNACIONAL DE RECONSTRUCCIÓN Y FOMENTO
Certificado de Gastos

PAGOS REALIZADOS DURANTE EL PERÍODO DE: ________________________________ AL ________________________________

LOS PAGOS LISTADOS FUERON INCURRIDOS DURANTE EL PERIODO RETROACTIVO (SÍ o NO): ________________________________

LOS PAGOS LISTADOS FUERON INCURRIDOS ANTES DE LA FECHA DE CIERRE (SÍ o NO): ________________________________

Cuenta Designada Sólomente

<table>
<thead>
<tr>
<th>No. Item</th>
<th>Nombre del Proveedor</th>
<th>Breve descripción del gasto</th>
<th>Código del gasto</th>
<th>Contrato Sujeto a revisión previa (Sí o NO)</th>
<th>Registro del contrato en C.C.</th>
<th>Moneda del contrato</th>
<th>Monto Total del Contrato</th>
<th>Monto acumulado del contrato (incluido en SOEs anteriores)</th>
<th>Número de la Factura o Recibo</th>
<th>Fecha del Pago</th>
<th>Monto Pagado al Proveedor</th>
<th>% Financ. por BIF</th>
<th>Monto Admisible (Col 12 X 13)</th>
<th>Tasa de Cambio</th>
<th>Fecha Debitada</th>
<th>Cuenta Designada (Col 14 + 15)</th>
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DOCUMENTACIÓN DE RESPALDO PARA ESTE CERTIFICADO DE GASTOS ESTÁ EN: (indique el local)

Instrucciones: Preparar un Certificado de Gastos para cada Categoría

Columna 1: Informe el número del ítem, en secuencia numérica
Columna 2: Informe el nombre del proveedor
Columna 3: Hacer una breve descripción del gasto (ejemplo: honorarios de 2012, consultoría, servicio de limpieza, viáticos, servicios de auditoría, etc.)
Columna 6: Informar si el contrato fue o no sometido a revisión previa del Banco Mundial.
Columna 7: Informar número de registro del contrato en Client Connect
Columna 8: Informar moneda del contrato
Columna 9: Informar valor del contrato (en la moneda que fue indicada en la columna 6).
Columna 10: Informar valor del contrato que ya fue pagado, incluido en SOEs anteriores.
Columna 11: Informar número de la factura o recibo del proveedor
Columna 12: Informar fecha del pago al proveedor
Columna 13: Informar moneda del contrato

Columna 14: Informar porcentaje de financiamiento (de acuerdo al convenio de préstamo/donación)
Columna 15: Informar fecha que en la cual el proveedor retiró los fondos de la cuenta designada (en dólares) y los envió a la cuenta operativa (en moneda local)
Columna 16: Cálculo de la columna 14 + columna 15. Esa columna refleja en monto equivalente en dólares del gasto realizado, que será considerado por el Banco para documentación.

PRESTAMO/CREDITO/DONACION NO.: ________________________________

NO. SOLICITUD: ________________________________

NO. HOJA: ________________________________

NO. CATEGORIA: ________________________________
Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 20016 – Not included, as there is no change from previous Disbursement Letter.

2. Form of Authorized Signatures - Not included, as there is no change from previous Disbursement Letter.

3. Terms and Conditions of Use of Secure Identification Credentials in connection with USE of Electronic Means to Process Applications and Supporting Documentation, dated March 1, 2013 - Not included, as there is no change from previous Disbursement Letter.

4A. Form of Statement of Expenditures – substituted by attachment 4D

4B. Form of Statement of Expenditures – substituted by attachment 4D

4C. Customized Statement of Expenditures (for subprojects) – Not included, as there is no change from previous Disbursement Letter.

4D. Form of Statement of Expenditures

5. Designated Account activity reconciliation statement - Not included, as there is no change from previous Disbursement Letter.