March 12, 2012

Mr. Ray Hooker  
Executive Director  
Fundación para la Autonomía y Desarrollo  
de la Costa Atlántica de Nicaragua  
Bluefields, Nicaragua

Re: NICARAGUA: DfID Grant No. TF099797 For the Caribbean Coast Development Program – Grant Investment Phase  
Additional Instructions: AMENDED Disbursement Letter

I refer to the Letter Agreement ("Agreement") between the International Development Association ("World Bank"), acting as administrator of funds provided by the United Kingdom of Great Britain and Northern Ireland, through its Department for International Development (DfID), and the Fundación para la Autonomía y Desarrollo de la Costa Atlántica de Nicaragua (FADCANIC) (the "Recipient") for the above-referenced Project, dated October 3, 2011. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF099797 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This letter is a First Restatement of the Disbursement Letter dated October 3, 2011, for the above referenced project, restating Section II(vi) to raise the ceiling of the Designated Account to US$430,000. As a result, the Minimum Value of Applications, section II (iii)) has been increased to US$80,000. All other provisions and attachments of the Disbursement Letter dated October 3, 2011 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
- Advances
- Direct Payment
(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is 2 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 Article III, section 3.02 of 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: Carlos F. Jaramillo, Country Director

(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  
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 Bank may permit the Recipient 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 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 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 Bank agrees, the 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 (**http://www.worldbank.org**). The Recipient 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 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 Device in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of Tokens") provided in Attachment 6; 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 is US$80,000 for Direct Payment and Reimbursement.

(vi) **Advances (sections 5 and 6) to FADCANIC**

- **Type of Designated Account[s] (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):** CITIBANK in Nicaragua
- **Ceiling (subsection 6.1):** US$430,000

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:**
  - Summary report in the form attached (Attachment 3) with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts costing more than US$60,000.
  - Statement of Expenditure in the form attached (Attachment 4) for payments, that do not exceed the thresholds established above.

- **For reporting eligible expenditures paid from the Designated Account:**
  - Summary report in the form attached (Attachment 3) with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts costing more than US$60,000.
  - Statement of Expenditure in the form attached (Attachment 4) for payments, that do not exceed the thresholds established above;
  - Designated Account Activity Statement in the form attached (Attachment 5) 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

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 Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact Yolaina G. Montoya of the World Bank Nicaragua country office.

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

Yours sincerely,

Patricia Hoyes
Senior Finance Officer
World Bank Loan Department