Ing. Alvaro Castillo Aguirre  
Mayor  
Municipality of Ibarra  
Calle García Moreno 6-31 entre Calle Simón Bolivar y  
Calle José Joaquín Olmedo  
Ibarra, Ecuador

Re: Loan No. IBRD 8579-EC: Ibarra Transport Infrastructure Improvement Project  
Additional Instructions: AMENDED Disbursement Letter

Dear Sir:

I refer to the Loan Agreement ("Agreement") between the Municipality of Ibarra ("Borrower") and the International Bank for Reconstruction and Development ("World Bank") for the above-referenced project, dated December 22, 2016. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan IBRD 8579-EC ("Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This letter is the First Restatement of the Disbursement Letter dated December 22, 2016 for the above referenced project restating: a) Section II, paragraph (vi) to modify the Designated Account ceiling from fixed to variable; and b) Section III to require the submission of three-month forecast for Advances following the sample format included as Attachment. All other provisions and attachments of the Disbursement Letter dated December 22, 2016, except as amended, shall remain in force and effect.

The World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines"), 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

(ii) 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 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 3.8).* Please refer to the Withdrawal Condition(s) in Schedule 2, Section IV. B of the Loan Agreement.

## II. Withdrawal of Loan Proceeds

(i) **Authorized Signatures** *(subsection 3.1).* A letter 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 submit Applications:

\[
\text{The World Bank} \\
1818 \text{ H Street, N.W.} \\
\text{Washington, DC 20433} \\
\text{United States of America} \\
\text{Attention: Alberto Rodriguez, Country Director}
\]

(ii) **Applications** *(subsections 3.2-3.3).* Please provide completed applications for withdrawal, together with supporting documents, through the World Bank’s Client Connection, web-based portal, following the instructions for electronic delivery. In the case the Borrower does not have internet access, the World Bank may permit the delivery of applications for withdrawal, together with supporting documents, in accordance with subsection 3.3, to the following address:

\[
\text{Banco Mundial} \\
\text{SCN, Quadra 02, Lote A} \\
\text{Ed. Corporate Financial Center, 7º Andar} \\
70712-900 Brasilia, D.F., Brazil \\
\text{Attention: Loan Operations}
\]

(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 credentials (“SIDC”) 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 World Bank agrees, the World 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 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 SIDC to Process Applications. By designating officials to accept 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 SIDC"); and (b) to deliver the Terms and Conditions of Use of SIDC 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 Reimbursements and Direct Payments is USD 1,000,000.

(vi) Advances (sections 5 and 6) to Municipality of Ibarra

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Central Bank of Ecuador
- **Ceiling (subsection 6.1):** Variable ceiling based on three-months forecast.

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, Advances and for reporting eligible expenditures paid from the Designated Account:**
  - Three-month forecast, in the form attached, for requests for advances;
  - Statement of Expenditure for all expenditures;
  - Information about contracts subject to the Bank’s prior review as indicated in column 4 of the Statement of Expenditures; and
  - A reconciliation of the Designated Account, with a copy of the bank statement, applicable only when reporting eligible expenditures paid from the Designated Account.

- **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 or more often if required.

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 download 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 affected. 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 Maria Virginia Hormazabal, Finance Officer at mhormazabal@worldbank.org and using the trust fund number as a reference.

Sincerely,

Maria Virginia Hormazabal
Finance Officer
World Bank Loan Operations

Attachment

1. Three-month forecast
GAD DEL MUNICIPIO DE IBARRA
MEJORAMIENTO DE LA INFRAESTRUCTURA DE TRANSPORTE
PRESTAMO NO. 8879
PERIODO DE PROYECCION TRIMESTRAL DE GASTOS
(en US dólares)

RECUERDE QUE LA SIGUIENTE PROYECCION DEBE ESTAR SUSTENTADA EN LOS SIGUIENTES DOCUMENTOS:
1) ULTIMO PLAN DE ADQUISICIONES APROBADO POR EL BANCO (a fecha 00/AA/AA).
2) REPORTE DE ADMINISTRACION DE CONTRATOS REVISADO POR EL AREA TECNICA DEL PROYECTO (a fecha 00/AA/AA).
3) INFORME DE SUPERVISION DE OBRAS REVISADO POR EL AREA TECNICA DEL PROYECTO (a fecha 00/AA/AA).

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NOTAS Y RECOMENDACIONES:
* Especificar el tipo de gastos: obra, bien, consultoría, gastos operativos, no-consultoría, etc.
** Identificación del contrato, utilizado en el Plan de Adquisiciones.
(A) Corresponde al saldo de efectivo disponible en la Cuenta Designada incluyendo los Avances y el Estado Bancario respectivo.
(B) Recuerde que la proyección de gastos debe contar con los requerimientos de efectivo, es decir pagos efectivos previstos. Además debe corresponder a contratos adjudicados.
(C) Esta información debe ser contrastada con el Plan de Adquisiciones y con los informes de supervisión de obras que permite obtener información clave acerca de las planillas de avance de obra aprobadas.

Programación de pagos a través de pagos directos (Fondo, Préstamo)