Mr. Mariano Curicama  
Prefecto  
Chimborazo Provincial Council  
Primera Constituyente y Carabobo  
Sector la Estación  
Chimborazo Province, Ecuador

Re: Grant No. TF098887: Ecuador JSDF Grant for Growing with our Guaguas Project  

Additional Instructions: Disbursement Letter

Dear Sir:

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by Japan under the Japan Social Development Fund (JSDF), and the Province of Chimborazo, represented by the Provincial Council of Chimborazo (the Recipient) for the above-referenced Project, dated March 11, 2011. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF098887. This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

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 four (4) months after the closing date. 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 the Grant Agreement.
II. Withdrawal of Grant 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:

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
Attention: Laura Frigenti, Acting Country Director

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

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
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 is US$100,000.

(vi) Advances (sections 5 and 6) to Government of Chimborazo Province (DAGPCH).

- Type of Designated Account (subsection 5.3): Segregated.
- Currency of Designated Account(s) (subsection 5.4): US Dollar.
- Financial Institution at which the Designated Account(s) Will Be Opened (subsection 5.5): Central Bank of Ecuador.
- Ceiling (subsection 6.1): USD $250,000.

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 of Expenditures in the form attached (Attachment 4) supported by records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Goods costing USD $50,000 equivalent per contract or more;
    - Consultant firms costing USD $50,000 equivalent per contract or more;
    - Individual consultants costing USD $25,000 equivalent or more;
    - Training and Operating Costs costing USD $15,000 or more; and,
  - Customized Statement of Expenditure in the form attached (Attachment 5) for disbursement made under Category 4 - Subgrants; and,
- For requests for Advances to a Designated Account:
  - Summary of Expenditures in the form attached (Attachment 4) supported by records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Goods costing USD $50,000 equivalent per contract or more;
    - Consultant firms costing USD $50,000 equivalent per contract or more;
    - Individual consultants costing USD $25,000 equivalent or more;
    - Training and Operating Costs costing USD $15,000 or more;
  - Customized Statement of Expenditure in the form attached (Attachment 5) for disbursement made under Category 4 - Subgrants;
  - Statement of Expenditure in the form attached (Attachment 6) for payments that do not exceed the thresholds established above; and
  - 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.

**IV. Other Important Information**


From the Client Connection 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.

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](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 the World Bank by email at <clientconnection@worldbank.org>.

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

Yours sincerely,

/s/ Laura Frigenti  
Acting Country Director  
Bolivia, Chile, Ecuador, Perú and Venezuela  
Latin America and the Caribbean Region
Attachments
2. Form for Authorized Signatures
3. Terms and Conditions of Use of Tokens
4. Summary Statements – SPANISH
5. Customized Statements of Expenditure for Category 4 - SPANISH
6. Statement of Expenditure - SPANISH
7. Designated Account Activity Statement - SPANISH.
CC: Copies

Alessandra Marini, Task Team Leader, World Bank.  
Ana Lucia Armijos, Consultant, World Bank