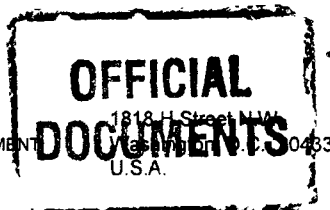


The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

December 24, 2013

His Excellency
Ivan Acosta Montalvan
Minister of Finance and Public Credit
Ministry of Finance and Public Credit
Frente al Edificio de la Asamblea Nacional
Managua, Republic of Nicaragua

Re: Grant No. TF099264 (Grant Agreement for Nicaragua's Readiness Preparation proposal –
Readiness Fund of the FCPF Project)

Additional Instructions: Restated Disbursement Letter

Dear Mr. Acosta:

I refer to the Letter Agreement (“Agreement”) between the International Bank for Reconstruction and Development/International Development Association (“World Bank”), acting as administrator of the Forest Carbon Partnership Facility (FCPF), and the Republic of Nicaragua (the “Recipient”) for the above-referenced project, dated December 24, 2013. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF099264 (“Grant”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This Disbursement Letter is the First Restatement of the Disbursement Letter dated August 22, 2011 for the above referenced project, restating Section II (v) to modify the ceiling of the designated account (DA) in the Central Bank of Nicaragua. In addition, the address where withdrawal application should be sent as stated in Section II (ii) has also been updated. All other provisions and attachments of the Disbursement Letter dated August 22, 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 4 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 Withdrawal Condition(s) in 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 submit Applications:

The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: C. Felipe Jaramillo, 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 recipient 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:

Banco Mundial
Sector Comercial Norte,
Quadra 02, Lote A
Edificio Corporate Finance Center
7° Andar
70712-900 Brasilia, D.F., Brazil
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4). 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 credentials ("SIDC") 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 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 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 SIDC to Process Applications. By designating officials to accept SIDC 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 Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of SIDC”) provided in Attachment 3; 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 USD50,000.

(vi) Advances (sections 5 and 6) to MARENA.

- **Type of Designated Accounts (subsection 5.3):** Segregated
- **Currency of Designated Accounts (subsection 5.4):** USD
- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):**
Central Bank of Nicaragua
- **Ceiling (subsection 6.1):** USD 300,000

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:**
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices for payments for consultant services and for goods, training and operating costs in excess of US\$200,000;
 - Statement of Expenditure in the form attached (Attachment 4) for all other goods, training and operating costs; and,
 - List of Payments under contracts subject to the World Bank’s prior review in the form attached (Attachment 5).
- **For requests for Advances to the Designated Account:**
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices for payments for consultant services and for goods, training and operating costs in excess of US\$200,000;
 - Statement of Expenditure in the form attached (Attachment 4) for all other goods, training and operating costs;
 - List of Payments under contracts subject to the World Bank’s prior review in the form attached (Attachment 5); and,
 - Designated Account activity statement in the form attached (Attachment 6) with a copy of the corresponding 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 or more often if required.

IV. Other Important Information

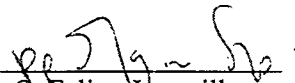
For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

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 (<https://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. All Recipient 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 the World Bank TF Team by sending an email to CTRLD-TF@worldbank.org and using the trust fund number as a reference.

Very truly yours,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility

By 
O. Felipe Jaramillo

Director
Central America
Latin America and the Caribbean Region

Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. Terms and Conditions of Use of Tokens
4. Statement of Expenditure (SOE)
5. List of Payments under Contracts Subject to the World Bank's prior review
6. Designated Account Activity Statement

Cc with copies: Juanita Argeñal
Ministra, Ministerio del Ambiente y los Recursos Naturales
MARENA, Nicaragua
Suyen Pérez
Directora, Dirección General de Cambio Climático
MARENA, Nicaragua