His Excellency
Dr. Edgar Ayales Esna
Minister of Finance
Ministry of Finance
San Jose, Costa Rica

Re: IBRD Loan No. 8194-CR: Costa Rica Higher Education Project

Additional Instructions: Disbursement Letter

Excellency:

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), and Costa Rica (the Borrower), for the above-referenced project, dated November 6. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. 8194-CR ("Loan"). 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 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:

- 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 Loan Agreement. Any changes to this date will be notified by the World Bank.
II. Withdrawal of Loan 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 names and specimen signatures of the officials authorized to sign Applications:

The World Bank
1818 H Street, N.W.
Washington, DC 20433
United States of America
Attention: C. Felipe Jaramillo, Director, Central America, Latin America and the Caribbean Region

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

Banco Mundial
Setor 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 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 devices (“Tokens”) 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 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 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 Tokens to Process Applications. By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) 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$500,000 for Direct Payment and Reimbursement.

(vi) **Advances (sections 5 and 6) to Ministry of Finance.**

- **Type of Designated Account (subsection 5.3):** Pooled in the Single Treasury Account - Sistema de Caja Unica, regulated under articles 66 and 67 of Costa Rica’s Financial Management and Public Budget Law No. 8131. However, each participating university will have its sub-account.

- **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 Costa Rica.

- **Ceiling (subsection 6.1):** US$12,000,000 for the pooled account with a maximum of US$3M per sub-account, one for each of the Participating Universities (UCR, UNED, ITCR, UNA).

### 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 Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

- **For requests for Reimbursement:**
  - Summary Statement in the form attached (Attachment 4) with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Goods valued at US$100,000 equivalent per contract or more;
    - Consultant firms costing US$75,000 equivalent per contract or more;
    - Individual consultants and Non-Consultant services costing US$50,000 equivalent or more; and
    - Scholarships and Training costing US$25,000 equivalent or more;
  - Statements of Expenditure in the form attached (Attachment 5) for payments that do not exceed the thresholds established above; and
  - List of Payments under Contracts Subject to the Bank’s Prior Review in the form attached (Attachment 6).

- **For reporting eligible expenditures paid from the Designated Account:**
  - Summary Statement in the form attached (Attachment 4) with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Goods valued at US$100,000 equivalent per contract or more;
    - Consultant firms costing US$75,000 equivalent per contract or more;
> Individual consultants and Non-Consultant services costing US$50,000 equivalent or more;
> Scholarships and Training costing US$25,000 equivalent or more; and,
> o Statements of Expenditure in the form attached (Attachment 5) for payments that do not exceed the thresholds established above; and
> o List of Payments under Contracts Subject to the Bank’s Prior Review in the form attached (Attachment 6); and,
> o Designated Account Sub-Account Activity Statement in the form attached (Attachment 7) with a copy of the Designated Account/Sub-Account Bank Statement.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly or more often if needed.

IV. Other Important Information


From the Client Connection 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 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 Loan, and retrieve related policy, financial, and procurement information.

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

Yours sincerely,

By
C. Felipearamillo
Director
Central America
Latin America and the Caribbean Region
Attachments

2. Form for Authorized Signatures
4. Summary Statement
5. Statement of Expenditures
6. List of Contracts Subject to Prior Review
7. Sample Designated Account Statement

Cc:

**Universidad de Costa Rica**
Henning Jensen Pennington, Rector
Sede “Rodrigo Facio Brenes”, Montes de Oca
San Jose, Costa Rica, Codigo Postal: 2060

**Universidad Nacional**
Sandra Leon Coto, Rector
Edificio Administrativo
Campus Omar Dengo
Calle 9, Avenidas 0 y 1
Heredia, Costa Rica 86-300

**Tecnologico de Costa Rica**
Julio Calvo Alvarado, Rector
Campus de la Sede Central
Apartado 159-7050
Cartago, Costa Rica

**Universidad Estatal a Distancia**
Luis Guillermo Carpio Malavasi, Rector
Mercedes de Montes de Oca
De la Rotando La Betania 500 m Este,
Carretera a Sabanilla
Costa Rica