

[Date of Loan Signature]

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

Re: IBRD Loan No. : Costa Rica Higher Education Project
Additional Instructions: Disbursement Letter

Sir:

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 [Date of Loan Signature]. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. _____ (“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, 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:

Banco Mundial
Setor Comercial Norte
Quadra 02, Lote A
Edifício 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.

(iv) **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;
 - Scholarships and Training costing US\$25,000 equivalent or more; and,
 - 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,
- 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); and,
- 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

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank’s public website at <http://www.worldbank.org> and its secure website “Client Connection” at <http://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 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. 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 Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated January 20, 2010
4. Summary Statement
5. Statement of Expenditures
6. List of Contracts Subject to Prior Review
7. Sample Designated Account Statement

Cc: [add contact and addresses of 4 participating universities]

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

The World Bank
[address]

Dear [Country Director]:

Re: Loan No.
(Project Name)

I refer to the Loan Agreement (“Agreement”) between [name] (the “Borrower”) and the International Bank for Reconstruction and Development and the International Development Association (collectively “World Bank”), dated _____, providing the above Financing. For the purposes of Section 2.03 of the General Conditions, as defined in the Agreement, any [¹one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal under this Financing.

For the purpose of delivering Applications to the Association, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting ³[individually] ⁴[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

⁵[This confirms that the Borrower is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the Association by electronic means. In full recognition that the Association shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in 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”), the Borrower represents and warrants to the

¹ Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the Association*

² Instruction to the Borrower: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the Association.*

³ Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Association.*

⁴ Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Association.*

⁵ Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the Association.*

Association that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the Association records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

**Terms and Conditions of Use of Secure Identification Devices
in connection with Use of Electronic Means to Process Applications
and Supporting Documentation**

January 20, 2010

The World Bank (Bank)⁶ will provide secure identification devices (Tokens) to permit the Borrower⁷ to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.
2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.
3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.
4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of

⁶ "Bank" includes IBRD and IDA.

⁷ "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the Borrower of a Loan.

the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.
6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.
2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.
3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.
4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

- 4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
 - 4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.
 - 4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
 - 4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.
 - 4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.
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Care of Tokens

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7 Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at <http://www.rsa.com>.

5. Replacement

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User's Account

6. Reservation of Right to disable Token

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User's Account or both.

BANCO INTERNACIONAL DE RECONSTRUCCION Y FOMENTO
 HOJA SUMARIA

ENVIAR DOCUMENTACION DE APOYO

PRESTAMO/CREDITO/DONACION

NO.:\

NO. SOLICITUD:

NO.

HOJA:

Periodo:

									CUENTA DESIGNADA SOLAMENTE		
1	2	3	4	5	6	7	8	9	10	11	12
Nombre del Proveedor	País del Proveedor	Descripción del Bien (CS,GO,OP)	Moneda y Monto del Contrato	Número de la Factura o Recibo	100% Monto Pagado al Proveedor	Fecha del Pago	% Financ. por BIRF	Monto Admisible (Col 6 X Col 8)	Tasa de Cambio	Fecha Débito Cuenta Designada	Cantidad Debitada Cuenta Designada (Col 9 / Col 10)
Total					0			0			0



BANCO INTERNACIONAL DE RECONSTRUCCION Y FOMENTO

CERTIFICADO DE GASTOS

Sin documentacion

PRESTAMO/CREDITO/DONACION NO.:

NO. SOLICITUD:

NO. HOJA:

NO. CATEGORIA:

									CUENTA DESIGNADA SOLAMENTE			
1	2	3	4	5	6	7	8	9	10	11	12	
Nombre del Proveedor	Pais Proveedor	Descripción De la Actividad (CS,GO,OP)	Moneda y Monto del Contrato	Número de la Factura o Recibo	100% Monto Pagado al Proveedor	Fecha del Pago	% Financ. por BIRF	Monto Admisible (Col 6 X Col 8)	Tasa de Cambio	Fecha Débito Cuenta Designada	Cantidad Debitada Cuenta Designada (Col 9 / Col 10)	
Total					0					0		

Attachment 6

**Payments Made during Reporting Period
Against Contracts Subject to the Association's Prior Review**

Contract Number	Supplier	Contract Date	Contract Amount	Date of Association's No Objection to Contract	Amount Paid to Supplier during Period	Association's Share of Amt Paid to Supplier during Period

**Estado de Movimientos de la Cuenta Designada
Correspondiente al período de declaración: 00/00/0000 al 00/00/0000**

(Debe ser enviada con cada una de las Solicitudes de Reposición de Fondos)

Nombre del Proyecto: _____

Préstamo/Credito/Donacion IDA/BIRF N°: _____

Banco de depósito: _____

Numero de Cuenta: _____

Numero de sub-cuenta en caso de Cuenta Unica: _____

Moneda de la Cuenta Designada: _____

1	Depósito Inicial.	\$-
2	Menos – Montos Recuperados for el BIRF	\$-
3	Saldo por Recuperar.	\$-
4	Saldo de acuerdo al estado bancario adjunto (fecha ____)	\$-
5	Monto de la Solicitud No. ____ (anexa)	\$-
6	MAS Monto pendiente de Reembolso por el BIRF 1/	\$-
7	MAS Retiros efectuados aún no solicitados al BIRF 2/	\$-
8	MENOS Montos Debitados después de la fecha del estado adjunto.	\$-
9	MENOS Intereses	\$-
10	Total para reconciliar (4+5+6+7-8-9)	\$-
11	Diferencia entre (3 y 10)	\$-

Explicacion de Diferencia y/o Observaciones:		
1/ Valor pendiente de reembolso por el BIRF/IDA.		
No. de solicitud	Monto	\$-
No. de solicitud	Monto	\$-
Total		\$-
2/ Retiros efectuados aún no solicitados al BIRF/IDA.		
No./Fecha de Retiro	Montos	
<descripcion - e.g. advances a la Cuenta Operativa No. ____>		\$-
<descripcion - e.g. pago por consultoria internacional>		\$-
Total		\$-

INSTRUCCIONES PARA CONCILIACION DE LA CUENTA DESIGNADA

Si durante el monitoreo de la Cuenta Designada el BIRF/IDA determina que ha transcurrido más tiempo (e.g. mensual, trimestral) entre cada solicitud de reposición de lo acordado en la Carta de Desembolsos, el BIRF/IDA puede comenzar la recuperación de fondos en depósito hasta que se regularice la situación.

Depósito Inicial: Indicar el monto del depósito efectuado.

Menos: Montos justificados (recuperados) por el BIRFIDA. Sólo se aplica cuando el BIRF/IDA ha iniciado la recuperación de fondos en depósito.

Saldo por Recuperar: Es la diferencia entre los numerales 1 y 2.

Saldo en la Cuenta Designada: El saldo que se indica en el último estado bancario mensual emitido por el banco donde se mantiene la cuenta.

Monto de esta Solicitud: Será el mismo que se indica en el Formulario 1903-S/2380-E.

Montos Pendientes de Reposición por el BIRF/IDA: Se utiliza este espacio para indicar el monto de las solicitudes enviadas al BIRF/IDA que aún están en proceso (favor entrar detalle de las solicitudes pendientes en el pie de página 1/).

Retiros procesados aún no enviados al BIRF: Este espacio se utiliza para enumerar montos debitados de la Cuenta Designada por los cuales aún no se ha solicitado la reposición de fondos (favor entrar detalle de los retiros en el pie de página 2/).

Debitos efectuados después de la fecha del estado adjunto: Utilizar este espacio en caso de que el monto solicitado represente un débito efectuado después de la fecha del estado bancario indicado en el numeral 4.

FOR OFFICIAL USE ONLY

Prepared by Patricia Hoyes and Maria Virginia Hormazabal - CTRLN

Cleared with and cc: Jimenna Garrote, Counsel LEGLA
Marcelo Becerra, TTL