



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

April 6, 2016

Francisco Roberto Lorenzana Durán
Technical and Planning Secretariat of the President of
The Republic of El Salvador
Casa Presidencial
Alameda Manuel Enrique Araujo #5500
San Salvador
Republic of El Salvador

**Re: Compact Funding Disbursement Request and Quarterly Reports for the Period
beginning April 1, 2016 and ending June 30, 2016**

Dear Mr. Lorenzana:

This letter is in response to the MCC Disbursement Request and quarterly reports ("*Disbursement Request*") dated March 10, 2016 and submitted on behalf of the Government of the Republic of El Salvador ("*Government*") acting through the Technical and Planning Secretariat of the President ("*Secretariat*") pursuant to (i) the Compact between the United States of America, acting through the Millennium Challenge Corporation ("*MCC*"), and the Government, acting through the Ministry of Foreign Affairs, executed on September 30, 2014 ("*Compact*"), and (ii) the Program Implementation Agreement dated May 15, 2015 between the Government and MCC (the "*PIA*"). Capitalized terms not defined in this letter have the meanings given to such terms in the Compact or the PIA, as applicable.

- a. Amount of MCC Disbursement: Pursuant to Section 3.3 of the PIA, the Government has requested the Disbursement of Program Funding up to an amount of \$1,787,528.49 for the period from April 1, 2016 through June 30, 2016 ("*Disbursement Period*"). MCC approves the full amount. These funds will be made available through the Common Payment System during the Disbursement Period.
- b. Approval of Reports. MCC approves the following documents submitted by the Government:
 - (i) Disbursement Request form, dated March 10;
 - (ii) Quarterly Financial Report, submitted on March 16;
 - (iii) Detailed Financial Plan, submitted on March 16;
 - (iv) Fiscal Agent Disbursement Certificate, submitted on March 16;
 - (v) Narrative Report, submitted on March 16;
 - (vi) Procurement Agent Certificate, submitted on March 16;
 - (vii) Indicator Tracking Table submitted on March 16;

- (viii) Conditions Precedent Report, submitted on March 16; and
 - (ix) Government Disbursement Certificate, submitted on March 16.
- c. Conditions Precedent (CP): The Government requested a deferral of the condition precedent set out in Part C (iv) of Annex II of the PIA. Rather than granting a deferral, MCC agrees to modify the timing of this condition precedent by replacing “second” with “eighth” in the first sentence. By doing so, MCC recognizes that the original timing of this condition precedent did not adequately take into consideration the timing demands of the school characterization process, which is the main source of the information needed for the budgeting plan required to fulfill the condition precedent. MCC expects that this condition will be met no later than September 2017, in line with the Government’s budgeting process for 2018.

Please acknowledge below your agreement with the terms of this letter. Except as expressly set forth herein, nothing in this letter shall be deemed to modify any of the provisions of the Compact or any related document. Should you have any questions regarding the foregoing, please do not hesitate to contact MCC’s Resident Country Mission in El Salvador.

Sincerely,



Fatema Z. Sumar
Deputy Vice President
Department of Compact Operations

Acknowledged and agreed on April, 7th, 2016



Francisco Roberto Lorenzana Durán
Technical and Planning Secretary of the President of
The Republic of El Salvador

cc: William Pleites, Executive Director, FOMILENIO II
Martha Keays, Resident Country Director, MCC
Sarah Crawford, Deputy Resident Country Director, MCC