



October 10, 2017

William Pleites  
Executive Director  
FOMILENIO II  
Blvd. Orden de Malta, Av. El Boquerón  
No. 4-A Edificio Zafiro Nivel 1,  
Urbanización Santa Elena, Antiguo Cuscatlán  
San Salvador  
Republic of El Salvador

**Re: Program Funding Disbursement Request and Quarterly Reports for the Period beginning October 1, 2017 and ending December 31, 2017**

Dear Mr. Pleites:

This letter is in response to the MCC Disbursement Request and quarterly reports (“*Disbursement Request*”) submitted on September 10, 2017 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 3.4 of the PIA, the Government has requested the Disbursement of Program Funding up to an amount of \$17,995,763.87 for the period from October 1, 2017 through December 31, 2017 (“*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, submitted on September 10;
  - (ii) Quarterly Financial Report, submitted on September 10;
  - (iii) Detailed Financial Plan, submitted on September 10;
  - (iv) Fiscal Agent Disbursement Certificate, submitted on September 10;
  - (v) Narrative Report, submitted on September 10;
  - (vi) Procurement Performance Report, submitted on September 10;
  - (vii) Procurement Agent Certificate, submitted on September 10;

- (viii) Indicator Tracking Table submitted on September 10;
- (ix) Conditions Precedent Report, submitted on September 10; and
- (x) Government Disbursement Certificate, submitted on September 10.

- c. Conditions Precedent: MCC acknowledges the Government's sustained efforts to comply with the condition precedent below set out in Part B(ii) of Annex II of the PIA related to the disbursement of Program Funding for the Regulatory Improvement Activity (OMR). Continued quarterly authorization of Program Funding will be contingent upon the Government's ongoing commitment to adopt the OMR's proposed comprehensive package of regulatory reforms, including taking legislative action needed to ensure adoption of such reforms in a manner satisfactory to MCC.

"Prior to the Disbursement of Program Funding for the Regulatory Improvement Activity after December 10 following the first year of the Compact or another date mutually agreed to by MCC and the Government in writing, the Government will have adopted and endorsed pursuant to the Compact the initial recommendations of the Institution and introduced a comprehensive package of reforms, and the continued Disbursement of such funding will be contingent upon the Government's continued consideration and adoption of the Institution's proposed reforms, both as satisfactory to MCC."

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 for Europe,  
Asia, the Pacific, & Latin America  
Department of Compact Operations

cc: Francisco Roberto Lorenzana Durán, Technical and Planning Secretariat of the President of the Republic of El Salvador  
Martha Keays, Resident Country Director, MCC El Salvador  
Richard Mora, Deputy Resident Country Director, MCC El Salvador