



December 21, 2018

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 January 1, 2019 and ending March 31, 2019

Dear Mr. Pleites:

This letter is in response to the MCC Disbursement Request and quarterly reports (“*Disbursement Request*”) submitted on December 10, 2018 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 \$32,932,799.81 for the period from January 1, 2019 through March 31, 2019 (“*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 December 10;
 - (ii) Quarterly Financial Report, submitted on December 10
 - (iii) Detailed Financial Plan, submitted on December 10;
 - (iv) Fiscal Agent Disbursement Certificate, submitted on December 10;
 - (v) Narrative Report, submitted on December 10;
 - (vi) Procurement Performance Report, submitted on December 10;
 - (vii) Procurement Agent Certificate, submitted on December 10;

- (viii) Indicator Tracking Table submitted on December 10;
 - (ix) Conditions Precedent Report, submitted on December 10; and
 - (x) Government Disbursement Certificate, submitted on December 10.
- c. Conditions Precedent: The applicable conditions precedent for this Disbursement have been satisfied.
- d. Reallocations: As part of the Program Funding Disbursement Request, the Government has submitted a request to reallocate Program Funding pursuant to Section 6.2(b) of the Compact, through Schedule A of the Detailed Financial Plan and through the four Requests to Reallocate Funds submitted with the Disbursement Request all dated December 7, 2018. MCC approves the following reallocations: (i) \$2,000,000 from the Human Capital Project TVET Systems Reform Activity to the Education Quality Activity; (ii) \$3,650,000 from the Logistical Infrastructure Project Coastal Highway Expansion Activity to the Human Capital Project Education Quality Activity; (iii) \$625,000 from the Logistical Infrastructure Project Coastal Highway Expansion Activity to the Investment Climate Project Partnership Development Activity; and (iv) \$1,500,000 from the Project Public Private Partnerships Sub-Activity to the El Salvador Investment Challenge Sub-Activity, both under the Investment Climate Project's Partnership Development Activity.

Should you have any questions regarding the foregoing, please do not hesitate to contact MCC's Resident Country Mission in El Salvador.

Sincerely,

Kyeh Kim
Acting Vice President
Department of Compact Operations

cc: Oscar Ortiz, 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